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## TARIFF POLICY

Council Resolution No: CR125 – 29/06/20 SP

### Policy Objective

The objective of this Tariff Policy is to ensure the following:

- a) That Tariffs must conform to acceptable policy principles;
- b) That Municipal services must be sustainable;
- c) That Tariffs must comply with the applicable legislation; and
- d) That Tariffs should take poor people and limited consumption into consideration

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## 1. INTRODUCTION

- (a) In terms of section 74 of the Local Government: Municipal Systems Act, 2000, the Greater Giyani Council must adopt and implement a Tariff Policy that complies with the provisions of any [applicable legislation on the levying of fees for municipal services provided by or on its behalf.
- (b) The Tariff Policy may differentiate between different categories of users, debtors, service providers, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.
- (c) Section 75 of the Systems Act requires that the Council adopt by-laws to give effect to the implementation and enforcement of its Tariff Policy.

## 2. DEFINITIONS

In this Policy, unless inconsistent with the context:-

**“Customer/user”** means any person to whom a service is rendered or made available by the council

**“Households”** all matured persons older than 18 years that occupied a property within the jurisdiction of the Council regardless whether the person rents or owns the property;

**“Indigent household”** a Household qualify as indigent on the following conditions: Total monthly household income of or not more than R2, 000.00, irrespective of the source of income.

**“Municipal area”** means the area in respect of which the municipality has executive and legislative authority as determined by the Constitution and national legislation and the area as demarcated by the Demarcation Act 1998 (Act 27 of 1998);

**“Municipal council”** means the council of Greater Giyani Municipality;

**“Municipal manager”** means a person appointed under section 82 of the Municipal Structures Act (Act 177 of 1998) and the person who is the head of administration and also the accounting officer for the municipality and where necessary includes an “acting municipal manager”;

**“Municipality”** means:

- (a) an organ of state within the local sphere of government exercising legislative and executive authority in an area determined under the Local Government: Municipal Demarcation Act 1998 (Act 27 of 1998);
- (b) a municipality consists of:
  - i. the political structures and administration of the municipality; and
  - ii. the community of the municipality;

- (c) functions in the area in keeping with the political, statutory and other relationships between its political structures, political office bearers and administration and its community; and
- (d) as a separately legal personality that excludes liability on the part of its community for the actions of the municipality.

**“Occupier”** means the person who controls and resides on, or who controls and otherwise uses immovable property or a portion thereof; provided that-

- (a) the husband or wife of the owner of immovable property which is at any time used by such owner and husband or wife as a dwelling, shall be deemed to be the occupier thereof;
- (b) where husband and wife both reside on immovable property and one of them is an occupier thereof, the other shall also be deemed to be an occupier thereof, and
- (c) a person who-
  - (i) resides in or occupies a room or rooms in a boarding house, lodging house, home for elderly people (other than a person, and the husband or wife of such person, who, by paying a capital amount, has acquired and exercises a lifelong right to so reside in or occupy a room or rooms in a home for elderly people), hostel, hotel, motel, brothel, club mess, barracks, nurses home or other place of a like nature;
  - (ii) resides in or occupies a separate room or rooms on immovable property occupied by any relative of such person;
  - (iii) as a boarder or lodger, resides in or occupies a room or rooms on immovable property owned or occupied by any other person, or
  - (iv) occupies an area of land or building or portion of a building solely for the purpose of parking, leaving or storing any vehicle or craft thereon or therein;
  - (v) shall be deemed not to be an occupier of the immovable property concerned.

**“Owner”** means the person in whom the legal title to the premises is vested;

- (a) in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator or other legal representative;
- (b) in any case where the Municipality is unable to determine the identity of such person, a person who is entitled to the benefit of such premises or a building thereof;
- (c) leased for a period of not less than 30 (thirty) years, whether the lease is registered or not, the lessee thereof;
- (d) in relation to –
  - (i) a piece of land delineated on a sectional plan registered in terms of the Sectional titles Act 1986, (Act 95 of 1986), and without restricting the above provisions, the developer or the body corporate in respect of the common property, or
  - (ii) a section as defined in such Act, the person in whose name such section is registered under a sectional title deed, including the lawfully appointed representative of such person;

- (e) any legal person including but not limited to:
  - (i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973) Trust inter vivos, Trust mortis causa, a closed Corporations Act, 1984 (Act 69 of 1984), and a Voluntary Association;
  - (ii) any government department;
  - (iii) any council or board established in terms of any legislation applicable to the Republic of South Africa;
  - (iv) any embassy or other foreign entity
- (f) owned by a council and which has been disposed of, but which has not been transferred to the person it has been disposed of, from the date of the disposition concerned, such person; and
- (g) owned by or under the control or management of a council while held under a lease of any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the immovable

“**Tariff Policy**” means a Tariff Policy on the levying of fees, rates or taxes for municipal services provided by the municipality itself and that complies with the Municipal Systems Act 2000 (Act 32 of 2000);

“**The Act**” means the Municipal Systems Act, 2000 (Act 32 of 2000).

### **3. GENERAL PRINCIPLES**

#### **(1) Objective**

- (a) The objective of this Tariff Policy is to ensure the following:
  - (i) Tariffs must conform to acceptable policy principles;
  - (ii) Municipal services must be sustainable;
  - (iii) Tariffs must comply with the applicable legislation; and
  - (iv) Tariffs should take poor people and limited consumption into consideration

#### **(2) Responsibility / accountability**

The Greater Giyani Municipal Council have the overall responsibility of laying down the Tariff Policy.

#### **(3) Tariff Policy principles**

In terms of section 74(2) of the Systems Act 2000, the Municipality's Tariff Policy reflects the following principles:

- (a) Users of municipal services are treated equitably in the application of tariffs;
- (b) The amount individual users pay for services are generally in proportion to their use of that service;
- (c) Poor households have access to at least basic services through:
  - (i) Special or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
  - (ii) Any other direct or indirect method of subsidisation of tariffs for poor households.
  - (iii) Tariffs reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration, replacement costs and interest charges;
- (d) Tariffs are set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned.
- (e) A service is financially sustainable when it is provided in a manner that would ensure it's financing from internal and external sources is sufficient to cover the costs of the initial capital expenditure required, operating the service, maintaining, repairing and replacing the physical assets used in its provision;
- (f) Provision is made in appropriate circumstances for a surcharge or a rebate on the tariff for a service;
- (g) Provision is made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- (h) The economical, efficient and effective use of resources, the recycling of waste and other inappropriate environmental objectives are encouraged; and
- (i) The extent of subsidisation of tariffs for poor households and other categories of users are fully disclosed.
- (j) It can be further stated that tariffs, rates and the employment of resources, in general, take into account the Council's IDP principles and goals.

#### **4. NEED FOR A TARIFF POLICY**

##### **(1) Revenue adequacy and certainty**

- (a) The Municipality must have access to adequate sources of revenue to enable it to carry out its functions. The Municipality must:
  - (i) Fully exploit the available sources of revenue to meet its development objectives; and
  - (ii) Be reasonably certain of its revenue to allow for realistic planning.

##### **(2) Sustainability**

- (a) Financial sustainability requires a budget that balances. This means that the Municipality must ensure that:
  - (i) Services are provided at affordable levels; and
  - (ii) It is able to recover the costs of service delivery.

- (iii) It must be realised that no bailout will be provided if the budget is exceeded or if proper financial management controls are not established.
- (iv) Indigent members of the community have the right to have access to at least a minimum level of basic services.
- (v) Therefore, there is a need to subsidise poor households, who are unable to pay for full service costs.

**(3) Effective and efficient resource use**

- (a) Resources are scarce and must be used in the best possible way to reap the maximum benefit for the community.
- (b) However, there are no mechanisms available to ensure the effective allocation of resources.
- (c) It is therefore important that the community provide the necessary checks and balances.
- (d) They can do this by participating in the budget process.
- (e) Efficiencies in spending and resource allocation will ultimately increase the access of the poor to basic services.

**(4) Accountability, transparency and good governance**

- (a) The Municipality must be accountable to the community for the use of its resources. Councillors must be able to:
  - (i) Justify their expenditure decisions; and
  - (ii) Explain why and how the revenue necessary to sustain expenditure, is raised.
  - (iii) Budgeting and the financial affairs must be open to public scrutiny.
  - (iv) The community must have greater voice making decisions about how revenue is raised and spent. Community participation in budgeting must include those groups in the community who face particular constraints in participating.
  - (v) It must also include a capacity-building component to ensure that people understand the prioritisation process (why resources are allocated to one area rather than another).

**(5) Equity and redistribution**

- (a) Members of the community must be treated equitably with regard to the provision of services.

**(6) Development and investment**

- (a) Meeting basic needs in the context of existing services backlogs will require increased investment in municipal infrastructure.

## 5. SOURCES OF REVENUE

- (1) In terms of section 229 of the Constitution of the Republic of South Africa 1996, Act 108 of 1996, the Municipality may impose:
  - (a) Rates on property and surcharges on fees for services provided by or on behalf of the Municipality.
  - (b) If authorised by national legislation, other taxes, levies and duties appropriate to local government, but it may not impose income tax, value-added tax, general sales tax or customs duty.
  - (c) The power of the Municipality to impose rates on property, surcharges on fees for services provided by or on behalf of the Municipality, or other taxes, levies or duties:
    - (i) May not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and
    - (ii) May be regulated by national legislation.
    - (iii) In terms of section 4(1)(a) of the Systems Act, the Council has the right, amongst other things, to finance the affairs of the Municipality by:
      - i. Charging fees for services; and
      - ii. Imposing surcharges on fees, rates on property and to the extent authorised by national legislation, other taxes, levies and duties.
      - iii. Section 16 of the Systems Act requires the Municipality to establish appropriate mechanisms, procedures and processes to ensure community participation in, amongst other things, the preparation of its budget.

## 6. PRICING STRATEGY

- (1) The strategy must be to recover the full financial cost of rendering the services required by and delivered to the community from the community, including the cost of capital.
- (2) The points of departure pertaining to a pricing strategy are:
  - (a) The starting point to recover cost is the determination of service levels. These shall be based on basic human needs;
  - (b) The second point will be to ensure a sustainable service delivery based on the set service level; and
  - (c) The third point will be the upgrading of services to higher levels in accordance with the level of affordability by the community and the ability to render the upgraded services in a sustainable manner.
- (3) **The following must be considered in the pricing strategy in order to accurately determine and recover the cost pertaining to a service:**
  - (a) **Management cost**



- (i) Resource management expenditure is those activities that are required to deliver, regulate, manage and maintain the service.
- (b) Capital costs**
  - (i) Capital cost expenditure is the obligation to meet the repayments on loans negotiated to finance the provision of the service.
- (c) Maintenance costs**
  - (i) These are normal running costs to maintain the service at the established level of service provision.
- (d) Consumption / Usage**
  - (i) In the case of a measurable service, the actual cost of usage of the service is easily determined.
  - (ii) Where measurable services are provided (usually to informal areas) without measuring devices being installed, the cost will be calculated by using the appropriate charge multiplied by the bulk registered consumption or estimated volume of consumption divided by the number of households / properties.
- (e) Cost of immeasurable services**
  - (ii) These services are normally community based and subsidised services and the cost will be recoverable through a rating policy as determined from time to time.
  - (iii) Recovery of costs will therefore be equalised over the total area of jurisdiction and the principle of collective payment will apply.

## **7. CATEGORIES OF TARIFF CHARGES**

### **(1) Services charges**

- (a) An important source of local own revenue is charges that are directly related to the provision of municipal services.
- (b) The majority of these are utility charges, such as electricity and water, which have contributed significantly to the growth of revenue of municipalities.
- (c) Cost recovery is an essential part of sustainable service delivery.
- (d) The system of revenue sharing within a service is aimed at subsidising the operating costs of basic services to indigent and low-income households.

### **(2) Collection of levies**

- (a) The municipality may in future be required to impose and collect levies for other authorities, such as a District Municipality, or community based organisations.

- (b) Such levies are imposed as the result of provisions contained in acts or bylaws and individual service delivery agreements.
- (c) The municipality acts as an agent for such an organisation and may recover its cost by means of commissions or administration fees.

## **8. LEGISLATION**

- (1) Section 160 of the Constitution determines that the Municipality may not delegate the power to impose taxes, tariffs and other charges.
- (2) Such tariffs must be approved by means of a decision of the majority of the Councillors in a Council, after taking all the required factors into consideration.

### **(a) Water & Sanitation**

- (i) In respect of the provision of water and sanitation services, the Water Services Act of 1997 determines that a Municipality or another water services provider must supply water and sanitation services in terms of conditions set by the Municipality.
- (ii) The condition that must be set, amongst other things, is to provide for the determination and structure of tariffs.
- (iii) These powers must be read with section 21 of the Act in terms of which the Municipality must pass bylaws that provide, amongst other things, for the determination and structure of tariffs and the payment and collection of money due for water and sanitation.

### **(b) Other Services**

- (i) In terms of section 74 of the Systems Act, the Council must adopt and implement a Tariff Policy that complies with the provisions of any applicable legislation on the levying for municipal services provided by or on its behalf.
- (ii) The Tariff Policy may differ between different categories of users, debtors, service providers, service standards geographical areas and other matters as long as the differentiation does not promote discrimination.
- (iii) Section 75 of the Systems Act requires that the Council adopt a bylaw effecting to the implementation and enforcement of its Tariff Policy.
- (iv) Such bylaws may differentiate between categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount in discrimination.

## **9. CLASSIFICATION OF SERVICES**

Traditionally, municipal services have been classified into five groups:

### **(1) Trading services**

- (a) Water provisions is trading services.
- (b) Typically the consumption of a trading service is measurable and can be apportioned to an individual consumer.

- (c) These services are managed like businesses.
- (d) The tariffs for these services are determined in such a way that a Net trading surplus is realised.
- (e) The trading surplus is used to subsidise the tariffs of non-trading services, in other words, to relieve property rates.

## **(2) Economical services**

- (a) Sewerage and refuse removal are economic services.
- (b) Whilst they are also managed like businesses, the tariffs for services are determined in such a way that user charges cover the cost of providing the service.
- (c) It is, however, common practice to set tariffs at a profit margin if possible subsidise tariffs on non-trading services.

## **(3) Subsidised services**

- (a) Subsidised services include approving building plans and the construction of buildings, leasing of municipal facilities, selling of burial sites and certain town planning functions.
- (b) The consumption of subsidised services can be determined reasonably accurately and apportioned to individuals and consumers.
- (c) However, if the tariffs for using this service were based on its real cost, nobody would be able to afford it.
- (d) In most cases not only would the consumer benefit from using the service, but also other persons.
- (e) A user charge is payable for using the service, but the tariff is much lower than the real cost of providing the service.

## **(4) Community services**

- (a) Community services are those services where the consumption cannot be determined nor apportioned to individual consumers.
- (b) These services are typically financed through rates.
- (c) Examples are the establishment, operation and maintenance of parks and recreation facilities, provision and maintenance of roads and storm water drainage systems, the establishment management and maintenance of cemeteries and traffic regulation.

## **(5) Support services**

- (a) The Municipality also provides services in support of the above-mentioned services.
- (b) These are staff functions and include secretarial and committee services, records and archives, financial-, technical- and corporate management, accounting and stores, Information Technology, occupational health and safety and human resources management.
- (c) These services are financed through property rates.

## 10. BASIC SERVICES SUBSIDY

### (1) A minimum amount of basic services must be subsidised to the poor.

- (a) The Municipality subscribes to a policy that entitles poor households which includes indigent consumers to a minimum amount of subsidised basic services. A basic service is a service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety of the environment. This goal is achieved by providing a minimum amount of subsidised basic services to such consumers through its policy on indigence.
- (b) The specific services are:
  - (i) Potable water;
  - (ii) Domestic sewage removal;
  - (iii) Domestic refuse removal; and
  - (iv) Electricity
- (c) The determination of minimum levels of these services is influenced by national guidelines as well as local social and economic conditions.
- (d) The subsidies are financed from the Equitable Share allocations by National Treasury in terms of which the Division of Revenue Act must be determined in such a way that the sustainability of the special fund, created for this purpose, be guaranteed.
- (e) Council will strive to minimise the burden of shortfalls in subsidies in poor households.
- (f) Any shortfalls can be subsidised by Rates and Service charges.

### (2) Keeping tariffs affordable

- (a) The Council is keenly aware of the financial situation of most residents within the municipal area. Therefore, the Council undertakes to keep tariffs at affordable levels as far as possible. In order to ensure that tariffs remain affordable, the Council will ensure that:
  - (i) Services are delivered at an appropriate level;
  - (ii) Efficiency improvements are actively pursued across all its operations;
  - (iii) A performance management system is introduced to ensure that plans that are devised are actually implemented, that resources are obtained as economically as possible, used efficiently and effectively and the appropriate service delivery mechanisms are used;
  - (iv) Any service that is provided for which there is little demand, that is priced under the actual cost of providing it, and which requires the maintenance of significant infrastructure and other facilities, will be phased out, except where the Council is by law required to provide such a service.

## 11. SOURCES OF REVENUE

### (1) Fully exploiting sources of revenue

- (a) Property rates are an important source of discretionary revenue for the Municipality.
- (b) It is used to finance services that cannot be apportioned to individual consumers and to balance the budget after service charges have been determined.

- (c) It is therefore imperative that property rates must be imposed on, and is payable in respect of, all rateable properties within the municipal area.
- (d) All rateable properties will be subject to and liable for paying rates.
- (e) Consequently it is the policy of the Council:
  - (i) That tariffs for service and property rates will be reviewed annually;
  - (ii) That tariff increases must be in line with increases in the price of goods, material and other resources acquired and used by the Municipality to perform its function, as well as any specific costs relating to the supply of a service during a financial year; and
  - (iii) The tariff for a particular service must be calculated in such a way that all relevant costs are covered.
  - (iv) This means that a tariff for a service must include at least the capital expenditure required and interest thereon, the cost of managing and operating the service and the cost of maintaining, repairing and replacing the physical assets used in its provision – this is only applicable for Economic and Trading Services.

**(2) Introducing the "Consumer Must Pay Principle"**

- (a) Having regard for the above-mentioned policy on a minimum amount of subsidised basic services for the indigent, the Council believes that consumers of services must pay for the amount of services that they use.
- (b) Where it is possible to measure the consumption of services, the Council will develop a program to install meters in appropriate cases.
- (c) Also it is the Council's policy that the tariffs for such services must include all relevant cost factors.

**(3) Redistribution / Cross-subsidisation**

- (a) Some members of the community are better able to afford to pay for the services that they use and have the benefit of, than other.
- (b) The budget of the Municipality is an important device in ensuring redistribution within the community.
- (c) Those that pay higher property rates based on the value of their properties, in fact subsidise those who pay less tax. The Council will ensure that the cross-subsidisation occurs between and within services to further contribute to its redistribution objectives.

**(4) Promoting local economic competitiveness and development**

- (a) The size of the property rates and service charges accounts presented to local business is a significant business overhead for any business enterprise in the municipal area.
- (b) The overhead of a business is one of the factors that influence the price of goods and services sold by it, and therefore its profitability and chances of survival.
- (c) The Council will take care that the municipal account presented to local business is fair.
- (d) To ensure fairness toward local business the Council will, when it determines tariffs, take into account the desire:

- (i) To promote local economic competitiveness; and
- (ii) To promote local economic development and growth.

**(5) Ensuring financial sustainability of service delivery**

- (a) The Constitution, Systems Act and Water Services Act require that the Municipality must ensure that the services that it provides must be sustainable.
- (b) Financial sustainability of an enterprise will be achieved when it is financed in a manner that ensures that its financing is sufficient.
- (c) The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision.
- (d) However, sustainability does not only mean that the price of the service must include all the relevant cost elements, it also means that the charges to be levied must be collected.
- (e) The Council therefore adopted and applies a Credit Control policy to ensure that property rates and service charges are recovered.
- (f) Where a trading and economic service is available to a property, an availability levy is imposed if the occupier of the property does not use the service concerned or if the property is vacant.
- (g) The availability levy must be adequate to cover the pro rata cost of the initial capital expenditure and the maintenance of the infrastructure associated with service delivery.

**(6) Determination process**

- (a) Except in special circumstances, such as significant increases in the wholesale price of goods and services that the Council purchases during a year to provide services, the Council will review its tariffs during the preparation of the annual budget in accordance with the policy stated above.
- (b) Proposed tariffs will be presented to the community during the Council's consultations on the budget.
- (c) Immediately after the Council has determined or amended a tariff, the municipal manager must cause a notice in this regard to be displayed at a place installed for this purpose at all the offices of the Municipality as well as at such other places within the municipal area as she/he may determine.
- (d) The notice must state:
  - (i) The general purpose of the resolution;
  - (ii) The date on which the notice is displayed;
  - (iii) That any person who desires to object to such determination or amendment must do so in writing within 14 days after the date on which the notice was displayed; and
  - (iv) That any person who cannot write may come, during office hours, to a place where a staff member of the Municipality named in the notice, will assist that person to transcribe her/his objection.
- (e) If no objection is lodged within the period stated in the notice, the determination or amendment will come into operation on the date determined by the Council.
- (f) Where an objection is lodged, every objection must be considered.

- (g) The Council may, after it has considered all objections, confirm, amend, or withdraw the determination or amendment and may determine another tariff and the date on which the determination or amendment will come into operation.
- (h) After the Council has determined another tariff, it will again give notice of the determination, amendment or date as determined above and will also publish it prescribed.

**(7) Limiting of financial risk pertaining to new tariff options**

- (a) In the course of the budgetary process tariffs are calculated at levels that will produce the income required to cover costs for a financial year or to reach the required surplus.
- (b) Any changes in tariff structures and the level of tariffs during the course of a financial year, will impact on income.
- (c) The amendment of tariff structures during a financial year should therefore take into account the effect thereof on the budget.
- (d) In order to regulate such amendments and to prevent a drastic impact on the budget, the following rules must be applied:
  - (i) The Council must consider and approve/not approve all requests for amendments.
  - (ii) Request for amendments must be accompanied by detailed calculations and estimates of the impact thereof on the budget. Such calculations should furthermore take into account all the relevant factors and be backed by data and projections over reasonable period.
  - (iii) Such impacts must be verified by the department of the Manager: Financial Services
  - (iv) The Council may approve only amendments that can be accommodated in such a way that it will not have a detrimental effect on the operating budget.
  - (v) Any amendment to tariff structures, in respect of trading and economic services, that may impose a drastic impact on the present budget may only be considered for the next financial year and should form part of a new budgetary process.

**(8) Zoning and Usage for Rates Purposes**

- (a) The rates tariff on a property will be applicable for the zoning or usage of a property.
- (b) Therefore, if a property is zoned or used as business, the business tariff will apply.

**(9) Responsibility for payment of accounts**

- (a) The owner will be liable for payment of rates and sewerage fees.
- (b) The occupier will be liable for the water, electricity and refuse removal services in all circumstances.
- (c) If a occupier does not pay the account, the owner stays responsible for the account.

**12. TARIFFS FOR TRADING ECONOMICAL AND OTHER SERVICES**

- (1) Water supply is treated as trading services, operated as separate account with the aim of producing a profit to be utilised as a subsidy for other services.
- (2) The supply of and tariff structures for these services is influenced by local condition as well as national guidelines and prescriptions by the Water Services Act.

- (3) Sewerage and refuse removal are treated as economical services.
- (4) Tariffs structures are only influenced by local conditions, but the cost of these services are influenced by regional and national regulations as well as minimum standards that must be conformed to.
- (5) Cost related to the provision of services can be grouped into two basic elements, i.e.
  - (a) Fixed costs can be regarded as basic cost and is used as a basis to calculate availability fees in respect of such a service, if applicable. These cost elements are not directly influenced by variances in demand for a service.
  - (b) Variable production costs, which consists of the direct production cost elements. Increases or decreases in production costs can directly be attributed to variances in demand for a service. These costs are treated as consumption costs of such services.

### 13. WATER TARIFFS

- (1) Water is supplied to end-users by means of the following specialised infrastructure:
  - (a) retaining and storage dams;
  - (b) supply lines;
  - (c) water purification plants;
  - (d) water reticulation networks; and
  - (e) Metered connections to the properties of consumers.
- (2) The variable cost of supply is, however, sensitive to prices of essential materials such as chlorine, which is used in the purification processes. Apart from normal price increases, the price is also influenced by exchange rates.
- (3) The supply of water is regulated by the Water Services Act 1997, Act 108 of 1997, but without a centralised regulatory body such as the NER. Certain minimum standards as well as guidelines for tariffs are contained in the Act.
- (4) Many aspects pertaining to water supply is influenced by the same factors as that of electricity supply. Due to this, only those factors unique to water supply and the accompanying tariff structure are discussed.
- (5) Water is a scarce commodity with little alternatives available (contrary to electricity). Tariff structures should therefore be aimed at the reduction of consumption. For this reason a declining block tariff structure is not an option.
- (6) Water is bought at a one-part tariff expressed in Rand per kilolitre. For this reason it is found that water tariff structures for end-users follow the same trend. In order to cut consumption, an inclining block rate tariff structure with a basic fee is applied in Greater Giyani Municipality.
- (7) The first block rate represents the lifeline volume of 6 kl per month, which is supplied at no cost. Losses incurred in this tariff category are recouped by contributions from the higher tariff categories, conforming to the principle of cross-subsidisation.



(8) Categories of consumers:

- (a) Domestic consumers
- (b) Medium consumers
- (c) Bulk consumers
- (d) Special Agreements

(9) Leakages

- (a) A consumer may qualify for a reduction on his/her account in the event of a water leakage, if:
  - (i) The leakage was underground and not easily detectable;
  - (ii) The leakage was repaired within 48 hours after detection;
  - (iii) The consumer has not applied for discount within the previous 12 months;
- (b) A authentic certificate must reach the municipality within 10 days after completion of repairs done and must contain the following:
  - (i) The date of the invoice and repair work
  - (ii) Confirmation that surface leakage was not visible
  - (iii) Certify that the leakage originated from pipes listed on the schedule of approved pipes held by the City Engineer
- (c) Miscellaneous
  - (i) An availability fee will be charged on users and/or properties not connected to the water network, should it be available.
  - (ii) This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties.
  - (iii) If the owner connects the service with the intention to improve the property the debit will be adjusted pro-rata from the date of the connection.
  - (iv) A certain quantity of water is distributed free of charge every month.
  - (v) This is decided on by council during the budgetary process.
- (d) A fixed tariff is charged for:
  - (i) water connections
  - (ii) upgrading of water meters to a larger connection
  - (iii) special readings
  - (iv) testing of meters
  - (v) installation of taps after the meter
  - (vi) moving of meters
  - (vii) opening of meters inaccessible for reading
  - (viii) damage to, or tampering with meters

- (e) Properties with more than one consumer and where a bulk meter is installed will pay:
  - (i) A basic charge according to the size of the connection and/or consumption.
  - (ii) Metered consumption according to the consumers tariff, linked with the size of the connection and/or consumption (if more than 1000 kl consumed for a 2 month period per year).
- (f) Flats and other complexes with more than one consumer and with one joint meter will pay:
  - (i) The basic per consumer according to domestic tariff
  - (ii) Metered consumption according to the consumers tariff, linked with the size of the connection and/or consumption
- (g) Water delivery in rural areas:
  - (i) A fixed predetermined amount will be charged to cover the transport cost.
  - (ii) In the case of registered indigent consumers the cost will be recovered from the applicable grant.
  - (iii) Only 6kl water per household will be delivered per month.
  - (iv) Delivery per area will only be made according to a fixed schedule.
- (h) General
  - (i) Tariffs as well as the minimum levels of deposits will be revised annually during the budgetary process.
  - (ii) The minimum levels for deposits may be increased for individual consumers at the discretion of Chief Financial Officer, should consumption levels or other risks necessitate it.
  - (iii) It is the consumer's responsibility to ensure that the meter is readable and accessible for meter readers.

#### **14. REFUSE REMOVAL TARIFF STRUCTURES**

- (1) The factors and principles that impact on tariff structures are:
  - (a) Operating cost of vehicles;
  - (b) The cost of labour, fuel and maintenance of vehicles.
  - (c) This is a labour intensive service and changes in any of these cost elements may have a drastic influence on the total cost;
  - (d) National and regional standards in respect of dump sites and transfer stations must be adhered to and may necessitate additional expenditure;
- (2) In general refuse volumes are influenced by the following factors:
  - (a) The number of occupants on a property;
  - (b) Garden refuse that is produced;
  - (c) The nature and volumes of business and industrial refuse; and

- (d) Habits of consumers and facilities available to them.
- (e) Each consumer pays for the privilege to have a certain volume of refuse removed from his/her premises.
- (f) Should certain consumers have a need for increased volumes, they must bear the additional cost themselves.
- (g) This principle has the result that a more affordable service is supplied to the average consumer, while large consumers pay for their additional volumes.
- (h) A consumer who chooses to do his/her own refuse removal will still be liable for paying the refuse tariff, as the service is available to all consumers.
- (i) Tariffs are based on units of refuse removal.
- (j) One unit is defined as one bag of refuse removed once a week.
- (k) A refuse fee will be charged to all occupiers/owners of improved properties once a electricity meter has been installed.
- (l) A refuse levy will be payable by the owner where a building/house is unoccupied.

(1) Categories of consumers

- (a) Domestic consumers
- (b) Special Agreements
- (c) Caravan Parks.
- (d) Removal on Request
- (e) Businesses on Residential Properties
- (f) Additional Removals
- (g) Medium consumers
- (h) Bulk consumers

(2) General

- (a) Tariffs as well as units to be removed from categories of consumers will be revised annually during the budgetary process.
- (b) Only refuse in the prescribed black plastic bags should be removed.
- (c) An additional service should be available upon special request for the removal of garden refuse.
- (d) Spare capacity of vehicles and teams could be utilised for this purpose.
- (e) Tariffs should be at such a level that total cost is recovered.
- (f) Consumers should be encouraged to do their own removals. Contractors should pay a dumping fee.
- (g) In the event of business being conducted from a residential property business tariff will be levied for refuse removal.
- (h) Refuse levy will be payable on properties used as storage or vacant properties.

## 15. SEWAGE TARIFF

(1) The following services are rendered in the Municipal area:

- (a) An internal water borne sewage system consisting of reticulation network and sewage works;

- (b) A limited number of properties are serviced by a bucket removal system.
  - (c) A small number of properties are serviced by a septic tank service.
- (2) A fixed rate structure is applicable, which only differentiate between groups of properties:
- (a) Single residential
  - (b) Sectional title units
  - (c) Business and other properties
  - (d) Chalets and caravan parks
  - (e) Granny Flats
  - (f) Special agreements
  - (g) Availability charges on vacant properties
  - (h) Churches
  - (i) Bucket Removal systems

## **16. MISCELLANEOUS**

- (1) An availability fee will be charged on vacant properties not connected to the sewage system should it be available.
- (2) This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties.
- (3) If the owner connects the service with the intention to improve the property the debit will be adjusted pro-rata from the date of the connection.
- (4) A fixed tariff is charged for:
  - (a) sewage connections
  - (b) larger connection
  - (c) inspections for blockages
  - (d) opening of sewage blockages
  - (e) emptying of septic tanks
  - (f) industrial effluent

## **17. GENERAL**

- (a) Tariffs will be revised annually during the budgetary process.
- (b) Sewerage is levied annually and divided into twelve equal monthly instalments.
- (c) On written request it can be paid annually by 30 September.

## **18. SUNDRY SERVICE TARIFF STRUCTURES**

- (1) A variety of sundry tariffs are applied to recoup costs of sundry services provided to the public.
- (2) All such tariffs are based on cost of supply, but individual tariffs may be set at:
  - (a) subsidised levels;
  - (b) levels reflecting actual cost; or
  - (c) levels producing profits.

(3) The level, at which the Council sets a sundry service tariff, takes into account factors such as:

- (a) affordability;
- (b) socio-economic circumstances;
- (c) utilisation of amenities and resources;
- (d) national and regional agreements and provisions; and
- (e) any other factors influencing such decisions.

(4) These tariff structures and tariffs will be revised at least once a year, during the annual budgetary process.

## 19. ADJUSTMENTS OF SERVICES

Where incorrect debits were raised regarding services, the accounts under query will be rectified for the year, in which the error has occurred, subject to the provisions in the Prescribed Act.

## 20. CONCLUSION

- (a) Tariffs represent the charges levied by Council on consumers for the utilisation of services provided by the Municipality and rates on properties.
- (b) Tariffs may be calculated in various ways, dependent upon the nature of the service being provided.
- (c) Tariffs may be set in such a manner so as to recover the full cost of the service being provided or to recover a portion of those costs.
- (d) The same principles stipulated in this policy will unilaterally apply in Trading-, Economical-, Subsidised and Community Services.

**SIGNED BY:**

**MAYOR: CLLR SHIBAMBU B.A**

P. Ashibambu.  
**SIGNATURE**

29/06/2020  
**DATE**

**Council Resolution No: CR125 – 29/06/20 SP**



# GREATER GIYANI MUNICIPALITY

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## INDIGENT POLICY

Council Resolution No: CR124 – 29/06/20 SP

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## 1. INTRODUCTIONS

As a developmental institution, the municipality is committed in supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

The municipality must therefore at all times strive to fulfil the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.

The successful implementation of this policy depends totally on affordability and the social analysis of the area as should be included in the municipality's Integrated Development Planning, with regard to affordability the foundation is laid in section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic service through tariffs that cover only the operating and maintenance costs.

The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.



## 2. DEFINITIONS

“**Arrangement**” means a written agreement entered into between the municipality and the debtor where specific repayment parameters are agreed to.

“**Arrears**” means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

“**Constitution**” means the Constitution of the Republic of South Africa, Act No. 108 of 1996, as amended.

“**Council**” means the municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa Act 108 of 1996;

“**Credit Control**” means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services;

“**Infrastructure**” means a building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

“**Indigent support**” means support provided by Municipality for water, electricity, refuse removal and disposal, sanitation, rates and taxes and all related and ancillary services;

“**Interest**” means a charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies;

“**Municipal account**” means an account rendered specifying charges for services provided by the municipality, or any authorized and contracted service provider, and/or assessment rates levies;

“**Municipality**” means the Greater Giyani Local Municipality;

“**Municipal Manager**” means the person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated;

“**Municipal services**” means those services provided by the municipality, such as, inter alia the supply of water and electricity, refuse removal and disposal, sewerage treatment, and for which services charges are levied;

## 3. POLICY PRINCIPLES

In recognition of the above mentioned National Framework the municipality undertakes to promote the following principles:

- (a) To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay;
- (b) To link this policy with the municipal Integrated Development Planning, Local Economic Development initiatives and poverty alleviation programmes;
- (c) To promote an integrated approach to free basic service delivery; and
- (d) To engage the community in the development and implementation of this policy;

## 4. POLICY OBJECTIVES

The principles that underpin the development of this policy are:

- (a) The urgent need to address the high levels of poverty in the municipality;

- (b) The Constitutional obligations of the municipality to provide basic municipal services to the poor<sup>1</sup> in a sustainable manner have their rights upheld and basic needs met while recognizing the limitations and challenges.
- (c) The municipality recognises that indigent policies can contribute to the relief of poverty through a range of measures including indigent tariffs and taxes, direct and indirect subsidies, transfer payments or special programmes.
- (d) The main reason for making services priority actions for the indigent policy is that basic municipal services are basic needs as defined under the Constitution and the municipality has a legal responsibility to ensure affordable access to these services.
- (e) There are no legislated areas that indigent policies cover.
- (f) Typically basic needs such as access to housing, education, health and employment make up a package of services which if provided would alleviate poverty.
- (g) This indigent policy will balance the immediate needs of the poor population to have access to affordable basic services with the long term implications of failure to implement remedial measures coupled with the provision of affordable services to indigents in a financially viable manner.

## 5. SCOPE OF THE POLICY

Broadly, this policy consists of.

- (a) Item 1 provides definitions to be applied to certain phrases used in the policy.
- (b) Item 2 gives the objectives which informs the development of an indigent policy.
- (c) This section which provides scope of the Policy.
- (d) Item 4 that define indigents in the context of the municipality.
- (e) Item 5 that provide the qualification requirements for applicants of indigent support.
- (f) Item 6 sets out the scope and nature of indigent support which the municipality undertakes to provide in terms of the Policy.
- (g) Item 7 of the Policy deals with implementation issues with a view to provide an integrated approach for the implementation of the policy.
- (h) Item 8 covers indigent debtors and application of credit control measures to indigents.
- (i) Item 9 describes the process for appeal to appeal decisions made pursuant to the policy.
- (j) Item 10 covers the sources of funding for indigent support.

## 6. DEFINITION OF AN INDIGENT

Whilst the municipality recognizes that there are various methods that can be utilized to define an indigent, the following method is most appropriate to the Municipality and will be applied in determining whether an applicant qualifies as an indigent and is therefore entitled to indigent support:

- (a) A household income of or not more than R2, 000.00, irrespective of the source of income.

- (b) A household is defined as the applicant plus six dependants living together under the same house or dwelling.
- (c) In the event that there are other persons including family members living in the same house or dwelling who are income earners but not dependant on the applicant with the exception of tenants, their income shall be included in the calculation of household income.

## 7. INDIGENT SUPPORT

- (1) The indigent support and infrastructure set out in this paragraph 5 is the minimum which the Municipality is obliged to provide in terms of this Policy and will be provided free of charge and at the cost of the Municipality.
- (2) In the event that the indigent consumes services in excess of the indigent support, the Municipality shall be entitled to charge the indigent. The tariff that will be applicable to the indigent for excess consumption of services shall be the municipality's indigent tariff.
- (3) Should there be more than six persons in each household, the municipality may provide additional amount of support to meet the requirements of the minimum basic support. The applicant shall be obliged to provide motivation in support of the number of the persons living in the household and the support required in respect thereof.
- (4) In instances where the municipality is providing communal facilities, it shall be entitled to determine and charge a flat rate to all persons that have not been qualified as indigents.
- (5) The following conditions shall be applicable:
  - (a) The indigent support shall be provided to indigents that own only one property and at the property where the indigent currently resides. In the event that the indigent owns more than one property and the others are used for income generation (rental income), the rental income must, when taken into account in terms of paragraph, not be more than the threshold amount;
  - (b) The indigent must meet the criteria set out in paragraph 4 above and comply with the terms and conditions of this policy;
  - (c) For electricity supply, the indigent will be provided with a 10amp circuit breaker. This circuit breaker will be provided free of charge, however, if an indigent requires a bigger circuit breaker he/she will be liable for the difference in costs between the 10 amp and the bigger amp.
  - (d) For water supply, the indigent's supply may be restricted by a flow-control washer to be installed in the meter.
  - (e) The indigent must be a South African or have South African permanent citizenship.
  - (f) Indigent shall not be entitled to receive greater services than the value allocated as free basic services.
  - (g) The Municipality retains the right to install a pre-paid meters in order to, inter alia, manage consumption.

- (h) Indigent will forfeit all benefits which were not consumed for that month and shall not be entitled to carry over or accumulate the support.

## 8. WATER SERVICES

The objective which the municipality seeks to achieve in respect of water infrastructure is providing a basic water supply facility, the sustainable operation of the facility, available for at least 350 days per year and not interrupted for more than 48 consecutive hours per incident:

<b>(a) Basic water supply facility</b>	The Municipality will provide: communal water points (taps); or boreholes or a tuckering system as an alternative to those households without infrastructure such as in rural areas.
	Depending on the financial ability of the Municipality, or if the household has water infrastructure, the Municipality will provide formal connections, that is, yard or house connections.
<b>(b) Basic water supply service</b>	25 litres of potable water per person per day in each household shall be provided. The support shall be provided within 200 metres of a household and with a minimum flow of 10 litres per minute.

## 9. SANITATION SERVICE

<b>(a) Basic sanitation infrastructure</b>	The Municipality will provide a basic sanitation facility which is easily accessible to a household, the operation of the facility, including the facility for removal of human waste and wastewater from the premises where this is appropriate and necessary, free of charge.
<b>(b) Basic sanitation service</b>	The various service options which the Municipality will provide in rural areas or areas without infrastructure include: <ul style="list-style-type: none"> <li>- Removal of human waste and wastewater as and when necessary.</li> <li>- Ventilated Improved Pit Toilet (VIP).</li> <li>- Ventilated Improved Double Pit Toilet.</li> <li>- Urine Diversion Toilet.</li> </ul> In instances where there is infrastructure, access to waterborne, sewerage will be provided.

## 10. REFUSE REMOVAL

<b>(a) Basic refuse removal infrastructure</b>	The Municipality will provide households dump waste in mass containers at a communal site
<b>(b) Basic refuse removal service</b>	The removal of refuse from the communal site and disposal to a landfill site; or The removal of refuse from each property located within the municipality's radius of collection and disposal of this waste in a landfill site. Refuse removal and disposal shall be done weekly, free of charge.

## 11. ELECTRICITY

The target which the Municipality seeks to achieve is providing sufficient electricity for basic lighting, powering a small black and white television, radio, basic ironing and cooking.

<b>Facility</b>	The municipality will supply an indigent household with a maximum of 10amp circuit breaker.
<b>Basic energy service</b>	For all households that are currently on the Grid, an amount of 50 kWh per month will be allocated to each household. In the event that there are households which are not on the Grid, an amount of not less than R55 00 per household per month will be allocated to each household for free basic alternative forms of energy. Alternate forms of energy shall include: <ul style="list-style-type: none"><li>- Paraffin</li><li>- Liquefied Petroleum Gas (LPG)</li><li>- Candles</li><li>- Firewood</li><li>- Bio-Ethanol gel</li><li>- Coal</li><li>- Solar panels shall be provided and subsidized at a cost of R48.00 per month depending on the circumstances of the municipality.</li></ul>

## 12. ASSESSMENT RATES AND TAXES

<b>Assessment rates and taxes</b>	All indigents shall be exempted from payment of rates and taxes irrespective of the value of the property.
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## 13. IDENTIFICATION OF AN INDIGENT

- (1) Any person may apply to the Municipality, in the manner prescribed below, to be registered as an indigent. If it is within the municipality's capacity, the following methods may be utilised as alternatives to self-targeting currently used by the municipality:
  - (a) Survey by means of house to house.
  - (b) Data from Statistics South Africa.
  - (c) Data extracted from the municipality's Evaluation roll
- (2) Whatever method utilised the information will be subject to verification.

- (3) The process which applicant can follow in order to apply is set out below and all persons must apply using the **Application Form for Indigent Support** which can be obtained at:

Physical Address:	Main Road, Opposite Khensani Hospital
Contact Person:	Financial Manager and Chief Health Services
Telephone Number:	(015) 811 –5573
Facsimile Number:	(015) 812 – 2068
Postal Address:	Private Bag X 9559 Giyani 0826
<b>Alternative Points where forms can be obtained</b>	
Physical Address:	None
Contact Person:	None
Telephone Number:	None
Postal Address:	None

- (4) The forms can be requested telephonically or by facsimile at the numbers provided above, if the house to house method is not utilised. The completed indigent application forms can be submitted in person, by post or facsimile at any of the addresses and numbers provided above.
- (5) The applicant must submit the following information:
- (a) A completed application form duly signed;
  - (b) Proof of residence within the Municipality's jurisdiction;
  - (c) A copy of the applicant's Identity document;
  - (d) Full names, identity numbers and age of dependants;;
  - (e) A sworn affidavit confirming the correctness of the information contained in the application form and that household income from all sources has been declared;
  - (f) If the applicant is employed, a copy of the latest pay slip must be submitted or any other proof of income or a copy of pension payment advice;
  - (g) Proof of ownership of the property where services are to be provided or a copy of the rental agreement;
  - (h) A sworn affidavit by the tenants, if any confirming the amount of rent they pay to the indigent;
  - (i) A social worker's report, if applicable and shall be provided at the request of the municipality;
  - (j) Proof of registration as unemployed from the Department of Labour (in respect of unemployed), if any
  - (k) Electricity and water meter numbers, if any;
  - (l) Copy of latest bank statement (where applicable);
  - (m) Recent municipal account/statement, if applicable;
- (6) An applicant who is an heir of a deceased person's (indigent) property must in addition to the information required above, provide:
- (a) A copy of death certificate;
  - (b) A copy of Deed of Grant;
  - (c) Proof that the property was inherited by the applicant, if applicable

- (d) Certificate of appointment as an executor of the estate of the deceased from the Magistrate, if applicable.
- (7) The Municipality may request any additional information which it considers necessary and may inspect the property occupied by the applicant and in respect of which municipal services are rendered or are to be rendered to assess the merits of the application.
- (8) No person may to any degree or in any manner, deviate from the conditions of the Municipality contained in this Policy, and any deviation shall constitute a contravention of this policy and consequently negates an approval or lead to the withdrawal of benefits.

#### **14. RENEWAL OF APPLICATION**

- (a) Registration of an indigent in terms of this policy may be considered for renewal in the sole discretion of the municipality after receipt of an application by the indigent. The application for renewal must be made at least 60 (sixty) days prior to the expiry of a one year period calculated from the date determined by the municipality.
- (b) Application forms can be obtained, and submitted and in the manner set out in paragraph 6.1 above.
- (c) Should the indigent fail to renew his/her application within the prescribed period by the municipality, the applicant shall be disqualified as an indigent and shall forfeit the indigent support provided in terms of this Policy, unless motivation to the contrary is supplied, to the satisfaction of the municipality.

#### **15. WITHDRAWAL OF INDIGENT SUPPORT**

The Municipality shall be entitled to withdraw any approval and/or indigent support provided under this policy if the indigent:

- (i) Failed to comply and/or contravenes the provisions of this policy or any other laws, regulations, by-laws;
- (ii) Failed to comply with any condition/s imposed by the Municipality;
- (iii) Provided the Municipality with false and/or incorrect information;
- (iv) Death of the person registered as indigent, provided the other persons who are members of the household are entitled to apply if they qualify as indigents.
- (v) Sells his property in which event the support shall however be transferred to the new property. In this regard, the indigent shall be obliged to notify the municipality of the change of address.
- (vi) Indigent status improves in terms of income i.e. earns more than the set threshold.
- (vii) Any other circumstances which justifies the withdrawal of the indigent support but have not been specifically provided for in this policy.
- (viii) Failure to pay for the excess consumption of subsidised services.

#### **16. PERIOD FOR RENEWAL**

- i. Indigents are obliged to re-apply for qualification as indigents every one year except in the case of pensioners and child-headed households. Failure to apply will trigger the provisions of paragraph 6.8 above.
- ii. In the event that there is a change in the income level of the household such that the household falls above the threshold set out in paragraph 4 above, the indigent shall be obliged to immediately update his/her details with the Municipality. Failure to update

the details with the Municipality shall trigger the application of paragraph 15 read with paragraph (7) above.

## **17. EXIT PROGRAMME**

Members of households registered as indigent should be prepared to participate in exit programmes coordinated by the Municipality in collaboration with other Government Departments and the Private Sector. The expectation of this clause excludes pensioners and child-headed households.

## **18. VERIFICATION OF INDIGENTS**

- i. The Municipality has the right to, and the indigent hereby agrees to the publication of indigent register for comments by the public. The public shall be entitled to lodge objections to the register in respect of any person's qualifications as an indigents.
- ii. The Municipality may appoint inspectors, community development workers ward committees and/or councillors such means within its powers to verify any information supplied by an indigent pursuant to this Policy.
- iii. The municipality may verify the information provided by the applicant using the following:
  - (i) Recommendations by community structures (ward committees, CDW, etc) after visiting indigent households.
  - (ii) Publication of the compiled register in order for the public to comment and/or lodge objections.
  - (iii) Social workers report, if applicable verification done by the municipality, such as random or independent periodic checks.

## **19. IMPLEMENTATION OF THE POLICY**

- a. The Municipality's aim is to ensure that there is a single, integrated approach from the various departments of the Municipality in order to avoid confusion and inefficiency.
- b. The municipality has therefore delegated the implementation of the policy to the municipal manager who in turn delegates the functions to the Financial Manager and Chief Health Services.
- c. This ensures a single channel for interacting with indigent households on all aspects of implementation which allows for not only an integrated approach but also a more coherent response.
- d. The role of this department shall be amongst others to coordinate all various aspects of implementation and liaison with the other departments of the municipality that provides overlapping and related services.
- e. The municipality recognises that the coordination function requires the customer care (liaison) centre housed in the Department of Community Services in the near future in order to achieve the objectives set out above.
- f. This Department has details of programs or support provided by other government departments which the indigent can access. Indigents can contact Financial Manager and Chief Health Services in order to obtain information relating to these programs.

## **20. INDIGENT DEBTORS AND CREDIT CONTROL**

- a. The Municipality has the obligation to take effective action to address arrears owing to the municipality. Accordingly, indigents are:
  - i. Liable for any amounts due as a result of consumption in excess of the indigent support;
  - ii. The municipality's indigent tariff shall be applicable in respect to all excess consumption;



- b. In the event of arrears arising from consumption prior to approval for registration as an indigent, the municipality may at its absolute discretions, write-off the indigent debtor's arrears.
- c. The Municipality retains the right to restrict the current consumption by the household or disconnect services where the indigent consumes more than the subsidized amount and fails to pay the difference.
- d. Under special circumstances the Municipality may at its absolute discretion:
  - i. suspend the charging of interest on overdue accounts;
  - ii. Suspend payment of arrears due by a person prior to obtaining approval of his/her application in terms of this Policy until the status of the indigent has changed.
  - iii. Allow indigents to negotiate payment of arrear amount in instalments in which event, the indigent shall be obliged to enter into an acknowledgement of debt.
- E. Notwithstanding any other provision of this Policy, indigents who, fail to pay their accounts, or to keep the terms of their arrangement regarding payment for excess consumption will have their indigent support withdrawn and shall be subject to the Municipality's credit collection policy.

## 21. COMMUNICATION PROCEDURES

- a. Communication procedures and Free Basic Services Implementation strategy
- b. The municipality will developed the free basic services communication and implementation strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and implementation thereof.
- c. Regular information dissemination and awareness campaigns will be undertaken and eliminate unrealistic expectations both in terms of qualifying for the free basic services subsidy as well as the services that will be rendered.
- d. The following communication mechanisms will be used to disseminate information:
  - (a) Ward committees;
  - (b) Traditional leaders, where applicable;
  - (c) Community based organisations;
  - (d) Local radio stations and newspapers;
  - (e) Municipal accounts;
  - (f) Izimbizo's and road shows
  - (g) SMS and MMS technology
  - (h) Social Media

## 22. APPEAL PROCEDURES

- (a) An unsuccessful applicant has a right to appeal against the decision of the municipality in the event the municipality disapprove or disqualify applications for indigent support.
- (b) Indigents have the right to appeal the decisions of the municipality pursuant to this policy.
- (c) Appeals shall be coordinated by the municipal manager or any other forum which the municipality may establish for this purpose, unless the municipal manager was the decision maker in which event, the mayor shall be responsible for coordinating the appeals.

## 23. FUNDING

The indigent support provided in terms of this Policy shall be subject to the Municipality's ability to afford the support. The following are various sources of funding which the Municipality undertakes to use in order to fund indigent support:

- (a) the equitable municipal grant provided by the National Government for purposes of funding free basic services;
- (b) Cross subsidization between municipal services and within the limits of the Systems Act;
- (c) To the extent possible, the Municipality's revenue;
- (d) Any other grants which the Municipality received and/or is able to source from donors for free basic services.

## 24. CERTIFICATE OF ENDORSEMENT

The Agreement to this Policy shall come into effect on the date of endorsement and shall cease only in the event where such changes/variations has been reduced to writing and been signed by the speaker of the council. Unless in the event where any changes in any applicable Act, Legislation has jurisdiction to supersede.

Signed by:

Mayor: Cllr Shibambu B A

BASHIBAMBU  
SIGNATURE

29/06/2020  
DATE

**Council Resolution No: CR124 – 29/06/20 SP**