

# Municipal indigent policy?

## What is it and is it implemented?

**M**unicipalities are channels for service delivery to citizens at the local level. The implementation of basic services is a municipal responsibility and an important constitutional right. Further, the Constitution asserts that 'a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community.'

### FREE BASIC SERVICES

In order for municipalities to deliver on their constitutional obligations a certain level of basic services have to be supplied to poor and vulnerable households for free. This is known as free basic services (FBS).

FBS include water, energy (electricity or alternative energy), sanitation, waste removal and health services.

The free basic water provision is 6 000 litres per household per month (based on 25 litres per person per day in a household of eight). Generally, the targeting of poor households for free basic water has not worked as many municipalities provide free water to all households and so have lost out on much needed revenue to cross subsidise households that cannot afford services.

Free basic energy consists of a minimum of 50 kilowatt hour (kWh) electricity or a solar equivalent per household per month. If the household is not electrified the municipality should provide alternative free basic energy (equivalent to R55 per

Most people don't know that government gives a grant to municipalities to provide basic services to households deeply affected by HIV/AIDS and poverty. **Daniel Bailey** explains the free basic services and indigent policy and indicates how it could be better implemented.



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month) such as gel fuels, paraffin or coal per month.

However, not all local municipalities have implemented this subsidy.

Free basic sanitation enables households to access VIP (ventilated improved pit) latrines or water borne sewage. However, most rural municipalities can only provide latrines which need regular maintenance. Also, water

borne sewage uses precious household free basic water.

Free waste collection and disposal is another FBS. Unfortunately, few poor households benefit from this service because of limitations in municipal waste removal infrastructure, equipment and servicing power.

Health services are also part of FBS. However, there are few clinics



funded by rural municipalities and the Department of Health is relied upon to provide this service.

FBS is funded by the local government equitable share which is a grant from national treasury. According to the Division of Revenue Act (DORA), of a municipality's equitable share allocation, 92% should be spent on basic services and indigent support to poor and vulnerable households within that municipal area.

### INDIGENT POLICY

In addition to the provision of the above FBS municipalities should provide FBS to very needy or indigent households. Indigent is defined by the Department of Cooperative Governance and Traditional Affairs (COGTA) as lacking the necessities of life. The necessities of life refer to sufficient water, basic sanitation, refuse removal in denser settlements, environmental health, basic energy, health care, basic housing and food and clothing.

The municipal formulation of indigent policy is important and

needs to develop a plan or approach to poverty alleviation which should include:

- who will benefit and how to apply for indigent status;
- how to target and access indigent households. This should include the role of ward councilors, community development workers and other interested parties in identifying indigent households;
- which services will be delivered to the indigent household and how much;
- a communication strategy to create awareness of the municipality's support of the indigent;
- processes for tracking, managing, supporting, monitoring and assessing the impact of free services on indigent households;
- a record of resources allocated to support the indigent.

An indigent policy should also detail and emphasise the links between various poverty alleviation programmes that will assist in moving the indigent out of poverty.

In practice municipal implementation of indigent policy lacks many of the necessary items above.

Firstly, municipalities use monthly income as the means to qualify as indigent rather than using necessities, and the threshold varies from municipality to municipality. Most municipalities instituted indigent status at R800 or less in 2001. In 2005 the Department of Provincial & Local Government (now COGTA) set thresholds at R1 100 and suggested an increase to R1 600. However, some municipalities have not shifted the threshold from the 2001 level.

Secondly, indigent policies are generally vague resulting in confusion, irregularities and shelving of the policy. Thirdly, there is a gross lack of public awareness of indigent policy.

As a result, the impact of indigent policy on poor households has been limited due to inadequate funding and support infrastructure as well as a lack of prioritisation by municipalities. However, lately there has been a

significant shift in the attitude of municipalities towards prioritising the funding of indigent support and FBS.

### CONCLUSION

Critics of indigent policy argue that it is demeaning and entrenches poverty. While this is true in some cases, the purpose of the policy is to provide a social safety net to destitute households.

At present the local government equitable share grant is not being used for the delivery of basic services to the poor. This is due to the underfunding of municipalities and that they are able to utilise equitable share at their discretion.

As a result, the equitable share is diverted to other portfolios as well as into subsidising operational costs.

The lack of funding means that some municipalities cannot cater for all indigent households within their area. They are unlikely to do so until national government asks municipalities to account for the expenditure of equitable share. Also resource-poor municipalities need more assistance in implementing indigent policy and FBS.

The definition of indigent is still unclear and municipalities are not efficient in targeting resources at poor households. Further, the

policy operates in a vacuum that isolates itself from food security initiatives, local development strategies, the private sector and macro policy that form part of a cross-sectoral response to poverty.

Although there are problems with indigent policy and funding, it gives an opportunity to provide basic services to very poor households that are deeply affected by HIV/AIDS and poverty. LB

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## Recommendations

Commitment by municipalities to prioritise the funding of FBS is essential to delivering services to indigent households. Below are some suggestions on how to review indigent policy on an annual basis:

- Indigent support and FBS should be reflected in municipal Integrated Development Planning and budgets.
- FBS quantities need to be reviewed and informed by need. Transparent and participatory needs assessments should be conducted to inform indigent policy and its definition as well as FBS quantities to poor and vulnerable households'.
- Clarification on indigent qualification criteria including taking into account income thresholds, child-headed household benefits and social grants. Reasonable home improvements should not disqualify indigent households from benefits.
- The approach to implementing indigent policy should be that households that can afford to pay cross subsidise those that cannot.
- Consultation and communication with the public on indigent policy.
- Indigent policy should allow qualifying households to obtain rate rebates.
- Graduation of households from indigent status needs to be pursued as one of the objectives of an indigent policy. Education about services and costs should be part of the graduation process in order to limit the number of households reapplying for indigent support. There should be a plan linked with local development strategies and other employment and economic opportunities for households. This means cross-sectoral collaboration between departments to ensure that programmes are used to maximise impact on poverty alleviation and that safety nets including social grants are accessed by poor and vulnerable households.
- Reporting on the impact of indigent policy including graduating from indigent status would enable national government to assess its responsibility to FBS and indigent support. It can do this by taking informed decisions on FBS resource allocations. National government can also set standards, guidelines and procedures with which municipal authorities must comply.

Hopefully, in this new phase of 'turning around' service delivery, poor and vulnerable households will be able to realise their constitutional right to basic services which a review of indigent policy should address.