

SEEN BUT NOT HEARD

**A rapid assessment of the Indigent Support Policy in Msunduzi
Municipality, KwaZulu-Natal**



BUILT ENVIRONMENT SUPPORT GROUP

**FUNDED BY THE
GOOD GOVERNANCE LEARNING NETWORK
AND THE CHILD ADVOCACY PROJECT**



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ABBREVIATIONS

BESG	Built Environment Support Group
DEAT	Department of Environmental Affairs and Tourism
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
FBS	Free basic services
GGLN	Good Governance Learning Network
IDP	Integrated Development Plan
MIG	Municipal Infrastructure Grant
RDP	Reconstruction and Development Programme
WHO	The World Health Organisation

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CHAPTER 1

1.1 Rationale for the study

The South African Government Communication and Information Services define indigent free basic services as:

“Services provided by Government at no charge to poor households. The services include water, electricity, sanitation, and waste removal. These services are provided by municipalities and include a minimum amount of electricity, water and sanitation that is sufficient to cater for the basic needs of a poor household.” (SA Government Services, 2007).

In 2004, the Msunduzi Municipality formulated a comprehensive policy to provide free basic water services to indigent households as a measure to manage the growth of informal settlements and escalating demand for services in newly developed areas of the city. The National Government’s commitment to free water provided guidelines for the Msunduzi Municipality’s indigent free basic services policy. In 2005, a pilot free electricity service was provided to a limited number of households. In addition, in 2006, the Municipality introduced a moratorium on rates debt for indigent households. The inclusion of rates in the free basic service policy allows for an automatic exemption on rates for properties valued at less than R30 000,00. Properties exceeding this value can apply for reduction on a sliding scale if the household qualifies as indigent in terms of a means (income) test.

The onus for water and electricity service delivery has largely transferred to local municipalities. A study done by Smith and Green in the Msunduzi Municipality in 2005, found that only 6.966% of households in their survey were accessing the free basic water service (Smith & Green, 2005). In addition, a number of generic difficulties experienced by various municipalities in relation to the provision of free basic services motivated the Department of Provincial and Local Government (DPLG) to conduct a national study on free basic services in 2005. It appears, therefore, that although indigent free basic services policies are in place in South Africa, municipalities have experienced problems with the interpretation, implementation, and dissemination of the policy.

The rationale behind this research is to provide a rapid assessment of the accessibility of information regarding the right to free basic services for indigent households in Msunduzi Municipality, KwaZulu-Natal.

1.2 Statement of the problem

Accessibility and application of the policy are both problematic. Access to information tends to be neither visible nor user-friendly. Indigent households with extended families, most of whom have access to waterborne sewerage, are unable to manage within a monthly limit of 6kl of free water; and are not equipped to monitor consumption – thereby creating the risk of water restrictions and hard disconnections.

Ward Councillors represent a primary information conduit between their constituents and local government administration, and are largely responsible for disseminating the free basic services policy to the public. However, this is compromised by the large turnover of Councillors in the last local elections, complaints that many are inaccessible, and the fact that there are still no Ward Committees in place 18 months after the last local elections.

With regard to rates levied on low-income residential properties, the entire property valuation process in newly developed areas is fundamentally defective. The current property valuation in indigent areas of the municipality is calculated on a standard value for all properties in a particular area, related to the national housing subsidy scheme, regardless of any home improvements or market related values. A deeper investigation into the appropriateness of defining indigent beneficiaries in relation to property value is therefore necessary.

1.3 Aims of the study

The aim of the study is to measure how accessible the said policy is to its target group, based on the following indicators:

- Who is indigent? The policy does not define the term, and is implied in relation firstly to property value, and secondly to household income.

- How and where is the policy disseminated?
- How aware are Ward Councillors of the policy, and how effective are they in disseminating the policy and referring qualifying applicants?
- What consumer education is provided on services, consumption, and billing?
- How user-friendly is the sliding scale policy on rates concessions; and how will it be affected by the new Municipal Property Rates Act (Act 6 of 2004), which requires individual, market-related property rates assessments?

1.4 Structure of the Report

Chapter one introduces the study and outlines the research team's justification for engaging in this study; the problems associated with Msunduzi Municipality's indigent free basic services policy, and the aims that guide this study. Chapter two is a brief literature review that serves as a conceptual framework, designed to integrate the study into a broader context. Chapter three describes the methodology of the study. Chapter four draws attention to the results of the qualitative, quantitative, and observational data analysis. Chapter five provides a discussion on the comparative group analysis of Municipal officials, Ward Councillors, and beneficiaries. Chapter six is a summary of key findings, and includes recommendations by the researchers based on those findings.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The apartheid era unfairly skewed the distribution and quality of municipal services in favour of whites. Post-apartheid government inherited massive infrastructure backlogs, which informed the development of the Reconstruction and Development Programme (RDP) in 1994. The programme aimed to serve as a mechanism to provide all South Africans, with emphasis on the poor and most vulnerable, access to affordable and sustainable basic services and resources. The right to “access clean water and adequate sanitation” was a key priority included in the new Constitution of South Africa in 1996. The Water Services Act 1997 was adopted as an implementation framework for the minimum standard for basic water supply services. (Smith & Green, 2005. p.436)

The Water Services Act 1997 stipulates the minimum standard for water supply services as:

- The provision of appropriate education in respect of effective water use.
- A minimum quantity of potable water of 25 litres per person per day or 6 kilolitres (kl) per household per month (Government Gazette, 1997)

2.2 The Development of free basic services

The national commitment to providing services to all devolved to local government through the Municipal Systems Act 2000. The DPLG and municipalities in particular, faced the task of providing service delivery to all. The cost of increased infrastructure adjustments and delivery transferred to the consumer through billing for services.

Towards to end of the 1990s it became evident that poverty, unemployment, and high costs of living meant that a substantial part of the South African population was battling to afford municipal services. Many consumers in low-income areas were struggling to make ends meet. Poor consumers faced disconnection. The lack of adequate access to

clean water led to the loss of hundreds of lives during the cholera epidemic in 2000. Poorer people were therefore, denied access to basic services (Smith & Green, 2005). eThekweni Municipality developed a model for free basic services, which was tested on other selected municipalities (Sussens & Vermeulen, 2001, in Smith & Green, 2005). The Department of Water Affairs and Forestry (DWAf) announced that from 1 July 2001, households would be entitled to a basic supply of free water.

The national government introduced successive programmes – The Bulk and Connector Infrastructure Grant (BCIG), Consolidated Municipal Infrastructure Grant (C-MIP), and most recently, the Municipal Infrastructure Grant (MIG), to assist with basic infrastructure delivery at municipal level. Broad policy and framework guidelines were developed to assist municipalities with the roll out to poor communities. The roll-out of the free basic services programme is therefore reliant in the first instance on successful and effective implementation of the Municipal Infrastructure Grant (Mabuyakhulu, 2005).

The study undertaken by DPLG in 2005 showed that 84% of municipalities were implementing some form of free basic services. Free basic water tends to be the main free service supplied (83%) in poor communities, followed by free basic electricity (64%). Further figures supplied to the Provincial and Local Government Portfolio Committee (2005) suggest that 70% of the 46 553 296 total population was provided with free basic water, and 61% of the 29 378 792 indigent population was provided with free basic water.

2.2.1 Free Basic Water (FBW)

It should be clearly accepted that right to water is a basic human right, and that the lack of adequate water supply and sanitation constrains opportunities and intensifies the problems of vulnerable groups particularly affected by HIV/Aids and other diseases (Africa Summit, 2006).

9.7 million Households in South Africa benefit from free basic water, of which 9.4 million are poor households (Africa Summit, 2006).

The free basic water policy recommends 6 kl of free water per household per month or 200 litres per household per day. This consumption figure is based on the World Health Organizations calculations of 25 litres per person per day living in an eight-member household (Hall, Leatt & Monson, 2006; Kasrils, 2001). The 6kl is a standard rule applicable to all households regardless of actual household numbers.

(Smith & Green, 2005) found that a quarter to half the households surveyed in Msunduzi as part of their study, had outbuilding dwellers. Both household and outbuilding dwellers influenced the total household volume of water consumed. Most households were found to have external on-site taps above a concrete trough attached to waterborne sewage. Water from the tap was used for cooking, drinking, cleaning, washing clothes, bathing, sanitation, economic purposes, and small food gardens.

Although the policy developed nationally, each municipality is free to adjust and implement the policy in a practical and sustainable way applicable to the municipality's capacity. The free water policy is however, governed by a choice of three options. Smith and Green (2005. p 438) outline the options as:

- Provide a free allocation of water only to the poor;
- Provide a free allocation of water to everyone, or;
- Provide a free allocation of water to everyone, but if domestic users consume more than the free allocation, then they must pay for the free allocation of water and any additional kilolitres consumed.

2.2.2 Free Basic Electricity (FBE)

The policy on free basic electricity, as approved by the national cabinet, states that free basic electricity of 50 kilo-Watt hours (kWh) per month is to be provided to indigent households (Mabuyakhulu, 2005). The RDP was committed to provide electricity to all people of South Africa by the year 2012. However, the provision for general provision of electricity has experienced many set backs. These challenges have affected implementation of free basic electricity to indigents. It is evident from the literature that the roll-out of electricity supply has been delayed, particularly in rural parts of KwaZulu-

Natal, and is not as widely implemented as free basic water (DPLG, 2005: Mabuyakhulu, 2005). The Municipal Systems Act states that municipalities are responsible for providing access to free basic energy for indigent households, or in the case of inadequate electrical infrastructure, they should provide free basic alternative energy to indigent households as determined by their indigent register or policy (Electric Summit, 2005).

The amount of free basic electricity is calculated on an estimated amount of energy necessary to provide basic lighting, basic media access, basic water heating, using a kettle and basic ironing in terms of grid electricity consumers (connected through the national electrification programme) and basic lighting and media access for non-grid systems. Non-grid systems refer to electricity generating systems designed to use alternative methods of electricity power supply, such as generators and solar. The levels of service are 50kWh per household per month for qualifying domestic consumers on a grid-based system, and the minimum value of R55 equivalent electricity per month for households connected to alternative, non-grid supply systems. Consumers in certain areas are supplied with electricity directly from Eskom (SA Government Communication & Information Services, 2007).

2.2.3 Free Basic Sanitation and refuse removal

It appears from the literature that the provision of free basic sanitation has not been as successful as free basic water or free basic electricity programmes. In 1994 an estimated 21 million people did not have access to a basic level of sanitation. There are still 18 million people, 15% of clinics and 7 % schools without sanitation. (Basic Services web page, 2007). The Department of Water Affairs and Forestry is developing a framework for the provision of free basic sanitation (SA Government Services, 2007).

A policy for free basic refuse removal has yet not been implemented. The Department of Environmental Affairs and Tourism (DEAT) is in the process of developing a framework for the provision of this service (SA Government Services, 2007).

2.3 Defining Indigent Households

The term indigent is an ancient, Middle English word, which is used to refer to people who are in need or destitute. In Eighteenth Century France, the term described people living in chronic poverty, as opposed to people who experienced seasonal or transitory poverty. In the South African context, it usually refers to those poor people who are eligible for certain municipality-administered poverty relief programmes (Hulme and McKay, 2005).

Formal housing in the South African context provides not only shelter from the elements, but symbolizes a degree of stability, linking people in dwellings to municipal infrastructure, access to basic services, and access to amenities such as schools and health facilities. Those who are poor and have not benefited from the national housing subsidy scheme are often excluded from receiving free basic services. In addition, poor and weaker municipalities are less able to affect the policy as effectively as wealthier, better-resourced municipalities (Hall, Leat, & Monson, 2006)

Municipalities across South Africa differ in their definitions and criteria used to identify who qualifies as an indigent household. They variously determine qualification based on levels of services that a household receives, consumption patterns, the value of fixed property, and household income. Even where the definitions are the same, the criteria may differ. For example, the level of income used to determine qualification may differ from one municipality to the next. The majority of municipalities interviewed in the DPLG study expressed the need for a standard definition and set of criteria to identify indigent households for the purposes of free services provision. (DPLG, 2005)

2.4 Dissemination

The DPLG study (2005) found that all municipalities involved in the study considered Ward Committees as the most effective way to disseminate the policy and monitor community satisfaction with the free basic services provided. The findings of the study expressed concern, however, regarding the confidentiality of information about personal data of indigent households.

The study recommended the following strategies to improve the function of Ward Committees as effective links between qualifying households and the municipality in disseminating free basic services policies:

- The development of training programmes for Ward Councillors, specifically in relation to communicating with communities and households.
- Training of Ward Councillors in understanding and the techniques of community facilitation and education.
- Providing free basic services information/educational toolkits.

2.5 Problems Experienced.

In Nkanini, an informal settlement in the Western Province, it was found that account holders had no consumption control on outside taps. People were charged for water despite water loss due to either leaks or consumer theft. Many households are simply too poor to pay off their arrears caused by exceeding the 6kl per month allowance (Hall, Leatt & Monson, 2006). A recent article in the Pretoria News, states that thousands of households in the Tshwane Metro area have been cut off from the municipality's free basic water and electricity services. Free services would be restricted only to registered indigents and not all citizens. The limitation on free services was ascribed to lack of affordability. Tshwane's policy is based on 100KWh free electricity and 12Kl of free water per month (Hlahla, 2007)

In Durban, the price for water for consumption above the free basic allowance doubled from R2/kl in 1997 to R4/kl in 2004. The rapid increase in service costs has led to many hard disconnections in some areas, raising concerns about affordability (Bond & Ruiters, 2006).

2.6 Msunduzi Municipality's Indigent Free Basic Services Policy

The Msunduzi Municipality Indigent Policy pamphlet and media adverts define the access to free basic services on three levels:

1. *“Automatic qualification as an indigent”*

The criterion to qualify automatically for the services requires house and land value to be under R30 000. Automatic qualification entitles a beneficiary to receive a free 20 Amp electrical supply and 50kWh electricity consumption per month; free 6kl water, with the balance at normal tariff; free sewerage; free refuse; and full exemption from rates.

2. *“On application as an indigent - house and land value between R30 001 and R40 000 – subject to a limit of 20 Amp and a water restriction device.”*

Households in the “automatic” category can also apply for this package if they expect their consumption to exceed to basic allowances. The package provides for a 20 Amp electricity supply at a reduced rate; free 50kWh electricity with the balance at normal tariff; free 6kl water the next 7-12 kl at reduced rate, and any consumption in excess of 12 kl at the normal rate; and reduced tariffs for sewerage and refuse; and full rates exemption.

3. *“On Application as an indigent - house and land value over R40 001– subject to a limit of 20 Amp and a water restriction device.”*

This category is subject to a two-tier means (income) test, with a maximum income for rates rebate of R2136 per month. Approval of an application entitles the household to receive a 20 Amp electricity supply at a reduced rate; free 50kWh electricity with the balance at normal tariff; free 6kl water, the next 7-12 kl at reduced rate, and any consumption in excess of 12 kl at the normal rate; reduced tariffs for sewerage and refuse; a rebate of 40% on rates on approval if household income is less than R 1740, or a rebate of 33.3% if monthly income is between R1740-R2136.

Child headed households, declared indigent after consultation with the Ward Councillor, and with an income not exceeding R2136 per month, are entitled to free basic services. The account is retained in the name of the deceased estate. Residents living in flats may apply for free basic service benefits, if they qualify for indigent status. The equivalent value of 6kl free water and domestic sewerage tariff are credited to the beneficiary’s electricity account.

(See Appendix 1 for a comprehensive description of the Msunduzi Municipality Indigent policy).

CHAPTER 3

METHODOLOGY

3.1 Introduction and Research Aims

This research was an investigation into the accessibility of free basic services to indigent households living in the Msunduzi Municipal area. The research objectives were to examine the following aspects of the Msunduzi Municipality's indigent free basic services policy:

- The definition of indigent, in terms of who qualifies.
- The application procedure.
- Adhering to and exceeding consumption, including consumer education.
- How and where the policy is disseminated, with special attention on the effectiveness of current dissemination practices.

3.2 Research Design

A methodological triangulation approach¹ was adopted in this study. The three methods used were:

- ❖ Qualitative interviews, in the form of in-depth, face-to-face interviews, conducted with Municipal officials and Ward Councillors to establish a deeper understanding of the indigent policy, practices, and dissemination of information relating to free basic

¹ Methodological triangulation refers to the use of multiple methods to study a single problem, looking for convergent evidence from different sources, for example, **interviewing, observation, surveying**, and a review of documentary resources (Terreblance & Durrheim, *Research in practice: Applied methods for social science*. University of Cape Town Press, 1999, p.431).

services. The interview with the Municipal Finance Department was done as a focus group interview, which included three municipal officials and three members of the research team. A structured, open-ended interview schedule was used to guide the interview data collection process.

- ❖ A quantitative survey was done in five low-income areas in Msunduzi Municipality. The survey aimed at collecting data relating to public awareness of the indigent free basic services policy and application procedure. The survey was designed to collect information on:
 - general household demographics
 - beneficiaries' knowledge of and access to the policy
 - level of qualification for free basic services
 - Adequacy and monitoring of consumption levels
 - Cost of services – water, electricity, and rates – in excess of free basic services
 - Benefits and disadvantages of the free basic services policy

- ❖ The third component of the research process was to conduct physical inspections of venues identified as appropriate sites for disseminating information on indigent basic service. The sites covered were the central municipal offices, satellite municipal office in Imbali, and the Ward Councillors' offices.

3.3 Sample

3.3.1 Municipal Officials

The focus group discussion held at the Municipal Finance Department. Officials participating in the discussion were:

- Mr Adrian Ogilvie, Process Manager (Income)
- Mr A J Behari, Acting Credit Controller
- Ms Nomthi Sithole, Credit Control Assessor

Face-to-face interviews were done with:

- Ms Jutta Dedekind, Water Services and Design Manager
- Mr Maxwell Mthembu, Process Manager for Electricity

3.3.2 Ward Councillors

Ward Councillors were selected randomly, subject to having identifiable qualifying groups within their wards. Interviews with the Ward Councillors all took place at the Councillors' Common Room at the City Hall. Ward Councillors participating in this study were:

- Councillor Alpha Shelembe, Msunduzi Municipality Speaker
- Councillor Tholakele Dlamini (Ward 17)
- Councillor Siphso Sibisi (Ward 23)
- Councillor Mazwi Msimang (Ward 24)
- Councillor Mzwakhe Dladla (Ward 34)

3.3.3 Beneficiary Survey

Fifty-two members of the public participated in the quantitative survey. The survey sample was selected from the same areas/wards represented by the Ward Councillors participating in the study. The survey areas were Ashdown, Imbali Unit 13, Eastwood, France, Oribi.

3.4 Data Analysis

The data from the qualitative interviews done with Municipal officials and Ward Councillors was analysed by collating and comparing the relevant information as guided by the themed questionnaire used to collect the data.

The quantitative survey was analysed statistically using the SPSS statistical software programme (SPSS 15.0 for Windows). Exploratory descriptive statistical analysis methods of frequencies and crosstabs were run to provide information on frequency distributions, correlations, and comparisons between variables. A comparison was done between the results for each section of the sample to establish similarities or

discrepancies in perceptions regarding the interpretation, accessibility, and dissemination of the policy.

3.5 Limitations to the study

Funding and time constraints place restrictions on achieving a more in-depth investigation into free basic services in a broader context. This study recommends future research aimed at comparing inter-municipal indigent service policies, dissemination of policies, and consumer satisfaction.

The main limitation to the study was difficulties that the research team experienced in trying to locate a Municipal official responsible for managing and supervising dissemination of the policy. No official seemed to want to take responsibility for dissemination. Each attempt at setting up interviews, with officials referred from various departments, proved fruitless.

The study experienced further difficulties whilst trying to set up interviews with some of the Ward Councillors. Some of the original selection of Councillors failed to respond to repeated interview requests and had to be substituted.

An additional limitation was the evidence of public despondency and reluctance towards participation in the study, particularly in the Eastwood area. Many people seem to perceive research as not benefiting the public.

CHAPTER 4

RESULTS

The findings of the research are divided into four components to address the following:

- Outcomes of the qualitative interviews with Municipal officials responsible for developing, disseminating, and implementing the policy.
- Outcomes of the qualitative interviews held with the five Ward Councillors.
- Results of observational visits to public buildings.
- Results of the indigent policy beneficiaries' quantitative survey conducted in the Msunduzi Municipality.

4.1. Findings of the qualitative interviews with Msunduzi Municipal officials

4.1.1 Introduction

The first section of the interview with Municipal officials dealt with the definition of indigence in terms of qualifying for free basic services and rates relief. Enquiry into the appropriateness of the implied definition of indigent, based on a property valuation criterion, was highlighted. The study was further concerned with the consequence of the re-valuation of property at market value, with the introduction of the Municipal Property Rates Act, on the current indigent policy.

Section two dealt briefly with the indigent free basic services procedure, in terms of how people apply and how long the application takes to be approved.

The section on consumption, section 3, probed the consequences of exceeding the free basic water allowance of 6kl/month, as access to water is a fundamental human essential. Enquiry into consumer education programmes as a strategy for conserving water and electricity were included in this section.

The fourth and last section of the interview related to policy dissemination. The study investigated how the municipality informed the public about the policy. It further

examined the provision of training for Ward Councillors on indigent procedures, and the effectiveness and efficiency of Ward Councillors in informing and assisting the public in the area of free basic services.

The study encouraged the participants to make additional comments and recommendations.

4.1.2 Defining Indigent

The interview with the Finance Department was the most productive out of the three interviews done with municipal officials, in terms of defining indigence as it applies to Msunduzi Municipality's policy on free basic services. The participants from the Water Department and Electricity Department do not deal directly with applicants, and are therefore not as familiar with the qualification criteria as the Finance Department.

The Finance team defined "indigent" as pensioners, unemployed and households with a total monthly income of less than R2136, 00. The income qualification is the equivalent of two state pensions/grants within a household. The team explained that the yearly increase on the income norm to qualify for application for free basic services is a set amount, determined by the Minister of Finance as part of his annual budget speech.

Qualification is on three levels. Firstly, any household within the municipality with a property value of less than R30 000 automatically falls into the indigent category. Secondly, households with a property valued between R30 001 and R40 000 need to make application for basic service concessions. The third category provides concessions for applicants of households with a property value in excesses of R40 000 and household income less than R2 136 per month. A recent amendment to the original policy incorporates the inclusion of child headed households and households living in flats.

The results show clearly that the term 'indigent' relies entirely on property values and in the case of applications, on income, based on the state pension/grant level. The Finance Department justified this broad policy definition as not being ideal, but it is pragmatic in that it contributes to the ease of administration of the policy. 24 000 households are

currently receiving automatic free basic services, and 3 500 applications have been approved.

The participants from the Finance Department reported that all property in a particular township is subject to a common value: Individual properties are all assessed to have the same value, based on the quantum of a housing subsidy funded by the Department of Housing at the time of their development, regardless of any alterations or improvements carried out by the owner. The municipality is however, currently in the process of undertaking a complete re-valuation of each property in line with the Municipal Property Rates Act. This policy requires compulsory re-valuation of properties at least every four years. The Finance Department did not envisage the re-valuations as having a profound effect on the indigent policy as they were of the opinion that properties for households falling in this category have not accumulated enough value. The Process Manager (Income) did acknowledge the need for a review of free basic services qualification on all levels in conjunction with the new draft rates policy.

The Water Services and Design Manager from the Water Department stated that her knowledge of the criteria for indigent policy qualification derived from the policy information brochure. She understood automatic qualification depends on property value. People whose property value exceeds the automatic criteria need to apply for free or reduced basic services. The water supply is terminated once a consumer exceeds 6kl of free water. Consumers can apply for a once off concession in special circumstances, such as funerals. This extra consumption is usually provided free of charge. The normal tariff generally applies in cases of consumption exceeding 6kl per month. The cut-off is designed to encourage people to apply for free basic services, rather than to rely on automatic qualification. The applied qualification category allows a reduced rate for consumption between 6-12 kl. Normal rates apply there after.

The Process Manager for Electricity believes that Council defines indigent free basic services and feels there is poor communication of this definition to the public. He mentioned the effect that the re-valuation of properties will have on qualifying for free basic services. He is of the opinion, in contradiction to the Finance Department that many properties currently valued at R30000 will increase in value, due to long-term

improvements made by homeowners. The increase could affect current recipients of free basic services.

Each municipality is entitled to define their own free basic services qualifications. Msunduzi's indigent policy currently allows for only 50kWh/month of free basic electricity. The Electricity Department should be able to develop their own criteria for selecting beneficiaries for free basic electricity. Consumption of energy and size of ampere meter, established from consumers' monthly bills, are useful and necessary indicators to consider in determining qualification for free basic electricity. He believed that qualification ought to be a generic concession of 0-110 kWh for all consumers, and automatic free electricity to all households installed with a 20amp meter.

4.1.3 Application Procedure

The Ward Councillors' offices are responsible for assisting applicants with appropriate information about the policy at community level. Ward Councillors further assist applicants in compiling the necessary documentation before their application is submitted. Automatic qualification is extracted from the valuation roll.

Documents required to apply for indigent free basic services are:

- A letter from the applicant's Ward Councillor.
- Identification documents.
- Account holder's proof of pension/ grant.
- An affidavit declaring the total household income.

The processing of the application at the Municipal Customer Services Centre (AS Chetty Building) takes place immediately while the customer is waiting. With the exception of the households falling within the automatic category, applicants have to make a yearly application for indigent services.

The Department of Finance (Consolidated Billing) manages the free basic services application procedures. The Operations Department receives a list of qualified applicants. Involvement from other departments such as Water and Electricity is not required during

the application procedure. The Water Services and Design Manager mentioned receiving statistical data from the Operations Department. This data updates the number of approved indigents on a regular basis. This information is, however, no longer forthcoming. The local water depots receive notification of indigent qualifiers through an implementation request by the Finance Department.

The Electricity Department had the least knowledge relating to the indigent free basic services application procedures. The Acting Process Manager for Electricity admitted to not being aware about particulars of application or documentation requirements for application. Understanding of the application process extended to advising people to approach the Finance Department for advice on applying for indigent free basic services.

The Acting Process Manager for Electricity articulated an appeal to Finance to come to his Department to explain the whole application process. He further expressed concern that the Electricity Department did not have more control over the implementation of the free basic electricity policy. He felt that would allow his Department to make decisions on entitlement of beneficiaries to receive free basic electricity based on consumption and billing records.

4.1.4 Consumption

Consumer Education:

The Finance Department is not involved in educational programmes on service consumption. The interviewees reported being aware of such programmes run by the Water Division. They understood that the Water Department employs a Community Education Officer responsible for providing ongoing awareness campaigns in the communities. The interviewee from the Water Department clarified that their involvement with consumer education was a “once off” education pre-transformation programme in 2004/2005. The people went out to the communities and informed them on how to conserve water, by example, teaching children how to change a tap washer. They distributed handouts and carried out educational campaigns in different communities on water usage and indigent services. School programmes formed part of

the water conservation programme. Consumer educational programmes are not ongoing. The interviewee from the Water Department expressed concern that this was not happening. Area Based Management, which includes the Ward Councillors, has now taken over the information role.

The Electricity Department has no consumer educational programmes running at present besides the current programme of supplying free low wattage bulbs to consumers. The Department does however, have plans in the pipeline to do road shows to teach people about safety and conservation of electricity. People will be encouraged not to use electricity in peak times by implementing a reward system for savings on electricity.

Regulations on consumption:

The World Health Organisation (WHO) set a limit of 200kl per person as a feasible essential quantity of water. The allocation allows 25 litres per person per day in a household of eight members. The Department of Water Affairs and Forestry (DWAf) recommend as a national guideline that beneficiaries receiving free basic services are restricted to 6kl of free water consumption per month. The Department of Finance mentioned that the 6kl of free water is only a guide. The policy leaves it upon the municipality to determine the affordability of providing such a service. Both Finance and Water mentioned the DWAf's approval of Msunduzi Municipality's free water policy.

Finance and Water were confident that the policy appears to be working well with most indigent consumers abiding by their 6kl/month. Reference to evidence that neighbours steal water from one another could be an indication that indigents are not managing on their allocations. The Water Department expressed concern about the policy conditions being adequate for waterborne sewerage systems. Unnecessary water loss occurs due to flushing and yet, not flushing results in blockages, which causes a bigger problem. There tends to be controversy amongst stakeholders regarding the acceptance of 6kl/month. Apparently, some people say it is enough, others argue that it is insufficient. The reality is that offers of free basic services by municipalities are restricted to what they can afford. Allocations are dependent on the financial status of municipalities to sustain the policy.

A water flow restriction device system fitted to those households with automatic qualification exceeding 6kl restricts further consumption. This method of restricting and applied consumption is expensive and not always effective as it is open to defrauding and abuse by residents. In addition, standpipes are bulk metered and it is therefore difficult to control individual household consumption. The municipality is nevertheless working on a new system that will allow individual metering of users connected to communal standpipes. These meters will have a set limit of 200 litres per day or 6 kl per month.

Households needing more than 6kl/month of continuous water supply need to apply for the intermediate category of free basic services. This qualification will entitle them to a reduced rate of R3.46 for 6-12 kl and normal tariff in excess thereof. The normal tariff for water in excess of 12kl is therefore a mechanism to encourage people to rather apply for free basic services. Finance reported that 50 % of the R184 million unpaid debt written off in 2006 was from indigent households exceeding consumption. Indigent households do not pay a disconnection fee, which means a saving to the community. Finance mentioned concerns with regards complaints of consumers not receiving their bills in the post.

The Acting Process Manager for electricity expressed concern that 50 kWh of free electricity a month was totally inadequate. He felt the amount needs to increase to at least 110kWh. 50kWh allows for only two hours of lighting per day with no provision for cooking, heating, or geyser consumption. He suggested that everyone across the board should receive the first 250kWh of their consumption free. This recommended usage should be sufficient for most households if they consume electricity conservatively

People receive free basic electricity at a discount rate when buying their electricity cards. As far as the Electricity Department is aware, despite rumours, there is currently no disconnection policy for people that exceed their 50kWh. A higher tariff is applicable for consumption in excess of 50kWh.

4.1.5 Dissemination

The Finance team participating in this study reported that the Area Based Management teams are responsible for the dissemination of policy information to communities. In addition, indigent policy brochures are available at all municipal offices and at Ward Councillor's offices.

Dissemination by Ward Councillors:

Municipal officials held a one-day indigent policy workshop aimed at providing Ward Councillors with sufficient information on the policy. Unfortunately, not all the Councillors attended the workshops. The Finance Department was confident that in their experience they have found the Councillors well informed and efficient in assisting the communities in the area of free basic services. The participant from the Water Department seconded this confidence. The majority of the applicants (90%) are referrals from Ward Councillors. Msunduzi Municipality refers people enquiring about free basic services to their Ward Councillors for further information and assistance. It appears thus, that the Msunduzi municipal officials consider the Ward Councillors to know the policy well and feel they are effectively reaching the public through advocating the policy. The Acting Process Manager for Electricity differs in this regard. The following extract expresses his opinion.

“Many Ward Councillors do not know about the policy or how the policy works. Some Ward Councillors have expressed an interest to find out more about the policy”.

He is confident that if Ward Councillors know about the policy they will go out and tell the people about it.

Other means of dissemination:

The Mayor's recent Budget Izimbizo served as a platform to inform citizens about the indigent free basic services policy. Written policy details were made available at the Izimbizo in the form of a special edition of *Umpithi News* (official newsletter of Msunduzi Municipality). Other methods of disseminating the policy to the public are through the local press.

Finance officials mentioned that the Water Department had an official with a dedicated function of disseminating the policy to the public. The Water Department, on the other hand, stated that they do not have a consumer education budget and are not involved in disseminating the policy. They are a technical branch and are not aware of who deals with dissemination. The Water Department official referred to a “...*gap in getting information to the communities*”. She expressed an urgent need for the appointment of a community facilitator to go into the communities to inform the public of the policy and educate them on water consumption. Pamphlets aimed at educating the public on water consumption were originally printed but are no longer available for distribution. Pamphlets on policy changes need to be ongoing and updated regularly to be effective.

The Acting Process Manager for Electricity was concerned about the lack of free basic electricity in most of the Msunduzi Municipality. He was adamant that free basic electricity is not reaching the people as intended. Finance officials confirmed that not all applicants are receiving free electricity. Free basic electricity is currently only provided in the communities of Edendale and Imbali. Eskom supplies electricity to these regions and then bills the municipality. The fact that people are not applying for free basic electricity is an indication that they do not know about the policy.

The Acting Process Manager based his opinions on the utilization of only 5 % of the total budget for free basic electricity. This year’s budget for free basic electricity is R5.8 million. The costs of providing free basic services are currently averaging around a mere R12 000 per month. The annual budget surplus is returned to Finance to balance their books. Free basic electricity is therefore not reaching the people. The Acting Process Manager felt the excess money could rather be utilised for consumer education or electrifying households that are still without electricity. Houses in some areas of Edendale do not have electricity at all. We can therefore conclude that although adequate funds are available for the implementation of free basic electricity, very little implementation of free basic electricity occurs in areas with high numbers of indigent people.

Improving Dissemination:

The participants from both the Water and Electricity Departments made some valid suggestions on improving dissemination of the policy. These were:

- Providing communities with a more efficient call centre system where they are able to ask questions and voice their queries.
- Advertising telephone numbers of relevant departments to the public, and ensuring that the public can get through to these numbers, in order to contact the appropriate people dealing with free basic services.
- Local, provincial, and national media adverts and public awareness campaigns – newspapers, radio, and television are effective ways of spreading the availability of public service information to people.
- Ongoing workshops to equip Councillors with skills and knowledge on how to assist the public.
- The Mayor should hold more Izimbizo, which can inform people on how to apply.
- Road shows – hire a truck with loudspeaker; inform people on aspects of the policy such as how the policy works and where to apply.

4.1.6 Barriers to implementation

The fact that many of the Municipal officials themselves do not know about the policy tends to impede on the implementation of the policy. Internal misunderstanding on policy definitions and procedures were apparent.

There is a significant barrier in communicating the policy to the public, and targeted beneficiaries in particular. The Finance Department is the custodian of the policy. While the research team made persistent efforts to identify and interview the official(s) responsible for the dissemination of public service information, communication was a serious weakness.

4.1.7 Conclusion

All three departments expressed concern about the lack of co-operation between departments. There tends to be a lack of clarity between departments about responsibility for consumer education and funding. Internal capacity in understanding, disseminating, and implementing the policy needs to be increased. The Electricity Department and Water Departments expressed a genuine desire to assist the Finance Department in all possible ways to make sure the policy is implemented properly and that the policy is actually reaching all the people.

Some of the barriers noted in the implementation of this policy are the lack of sufficient knowledge by officials of the policy and lack of general public educational programmes. Successful implementation of an indigent free basic services policy is reliant on enabling people to manage their consumption within the permissible limits. South Africa is a drought stricken country. Consumer education is therefore essential. It needs to go beyond disseminating the policy, to include basic, practical training in water management and conservation. For example, if households were able to attend to replacing tap washers, this is a simple preventative method to prevent them exceeding their free monthly allowance.

Consumers need to be encouraged to approach the municipality to discuss and find solutions if they are not managing on 6kl a month. While the reality is that they do not receive accounts and indigent water debt is written off, there is no incentive for qualifying households to apply for a higher allowance at a reduced tariff.

Free basic services depend to a large degree on the financial status of the municipality. Some municipalities in rural areas are financially cash-strapped and have high rates of indigents within the communities. These municipalities are not in a position to fund free basic services for all.

4.2 Qualitative interviews with Ward Councillors

The following results are from the data collected during face-to-face interviews with five Ward Councillors from various communities in the Msunduzi Municipal area. The

interview questions for the Councillors were of the same format as those with the Municipal Officials. The results reflect Councillors knowledge of who qualifies as indigent; how the application process works; dissemination methods; assisting indigents with applying for free basic services; and consumption patterns and education.

4.2.1 Criteria to Qualify for Indigent Free Basic Services

All five Ward Councillors defined indigent in terms of general qualifications criteria attached to the policy. Poor people, including the unemployed, pensioners, grant beneficiaries, and child headed households were mentioned as criteria for qualification. There appeared however, to be some degree of vagueness in relation to specific distinctions between the three levels of qualification. Three of the five Councillors, referred to property value below R40 000 - with an income below a set amount - as being the main criterion. Understanding of the maximum income criterion differed between Councillors. One Councillor mentioned an income of less than R2 000 per month and another the correct income amount of R2 136.

Only one Councillor seemed to make some distinction between automatic qualification and qualification on application, based on a property value. One stated the requirement for qualifying automatically as a property value of less than R40 000, with an income below a set amount, and not the correct criterion of property value below R30 000 (no stipulated income requirement). A possible explanation could be that Ward Councillors mostly deal with community members wanting to make application and not with those members who qualify automatically.

All but one of the Councillors interviewed questioned the appropriateness of the implied definition of indigent based on a property valuation criterion. They explained that many unemployed people in their wards owned property valued above R40 000 and do not qualify as indigents, and felt that policy amendments should be made to accommodate those people. In one ward, community members with properties valued at more than R40 000 have successfully qualified upon application, due to their unemployment and other economic circumstances.

These statements reflect, firstly, some inaccuracy in Councillors' knowledge of the policy, as the policy states that application for free 6kl water and 50kWh electricity per month, with reduced tariffs and rates rebates, is permissible for anyone owning a property with a value above R40 000, provided total household income is less than R2 136 per month. Secondly, the income criteria set for qualification may be too low. Many households with a total income of more than R2 136 may be struggling to afford to pay for services, particularly large and extended family households.

4.2.2 Application Procedure

Although some Councillors described the application process in more detail than others, all the Councillors seemed clear on the application procedure indigents need to follow. People wanting to apply for indigent free basic services visit their Ward Councillor's office for assistance. Applicants need to fill in an application form and submit documentary proof of identification, a declaration of income or proof of grant payment, a letter from Department of Labour, and an affidavit from the SAPS if the applicant is unemployed. The applicant submits all the necessary documents together with a letter of recommendation from the Ward Councillor to the Customer Services Centre of the Finance Department at the municipal offices in central Pietermaritzburg. One Councillor mentioned the importance of Ward Councillors' offices checking all necessary documentation to ensure success with applications. One Councillor felt that an annual review of indigent status for beneficiaries who went through the application process was onerous.

There was inconsistency in Councillors' experiences regarding the period for application approval. Responses to the question regarding the length of the application process were:

- *If the applicant provides all the required information, the outcome of the application does not take long.*
- *I am not sure how long but it is very fast.*
- *Approximately two weeks.*
- *Approximately one month.*
- *Approximately one or two weeks.*

4.2.3 Consumption

The results from the interviews show that no current consumer educational programmes are in place in any of the wards represented by the Councillors interviewed in this study. One Councillor commented about the need for a system of notifying consumers when they were near reaching their limit of 6kl. This statement reflects a lack of consumer awareness in terms of consumers monitoring their water consumption. Again, there is no incentive to do so if they do not receive regular accounts, and their arrears are periodically written off as unrecoverable debt.

4.2.4 Dissemination

Methods of dissemination:

The Councillors referred to the Mayoral Izimbizo as a general platform for explaining the policy to the people and for distributing literature on the policy. In addition, Councillors have a responsibility to discuss the policy with the community members in their monthly meetings. It appears however, that attendance at community meetings is generally poor. One Councillor referred to community newspapers such as Umphithi News publishing the policy. The municipality website, which is accessible free of charge for municipal library members, also serves as a source of information about this policy. It appears Area Based Management should take part in the dissemination of the policy.

Ward 17 is in the process of getting a Councillor's office within the community. Ward offices provide Councillors with a venue to display and distribute the policy to those members of the community visiting the office.

Training of Ward Councillors:

Most of the Councillors confirmed that they had received past training on the policy during a one-day workshop. New Councillors receive training during induction. They each received a copy of the indigent free basic services policy. One Councillor commented that there has not been enough training focusing on the policy.

Ward Councillor Efficiency:

The research team was interested in measuring how effective the Ward Councillors felt they have been in informing and assisting the public in the area of free basic services.

One Councillor felt most, although not all, Councillors have been efficient, judging from the number of people referred by their Ward Councillors to be considered as indigent.

Improving Dissemination:

Ward Councillors felt that the more training Councillors receive, the more the spread of information to the community is ensured. Suggested ways of improving dissemination of the indigent policy in communities were:

- The municipality facilitating regular (rather than a one-off) workshops for the community.
- Improving municipal officials' levels of efficiency and knowledge.
- Embarking on personal door-to-door awareness campaigns that focus on community members asking questions in the privacy of their own homes.
- Running educational campaigns in the Echo and other community newspapers.
- Displaying posters in municipal buildings.

4.2.5 Barriers to Implementation

It was clear from the interviews with Ward Councillors that Councillors felt that not enough households were benefiting from the indigent free basic services policy offered by Msunduzi Municipality. Lack of proper policy cooperation and communication links between policy makers, administration, Councillors, and the public was cited as barriers to effective implementation of the policy.

Increased funding from National Government was suggested as a mechanism to increase the municipality's capacity to provide free basic services. Increased grant funding would enable the municipality to raise the income threshold and property values required for qualifying as indigent, thus benefiting more poor people.

4.2.6 Conclusion

Although Councillors do have an overall understanding of the free basic services policy, there tends to be some degree of vagueness when it comes to specific aspects of the policy, with particular regard to the three levels of qualification and benefits. Inadequate

Councillor training on the indigent policy is reflected in inconsistency in the information received from the different Councillors.

It is clear that the Councillors themselves feel that dissemination of the policy is ineffective and efforts by the municipality need to be increased to ensure better communication and that more beneficiaries targeted by the policy qualify.

The results suggest that many poor people are benefiting from the policy. However, Councillors feel that the policy should be adjusted to accommodate people that do not meet the current qualification criteria, but are nevertheless struggling economically.

4.3 Observational Site Visits

All but one of the Ward Councillor interviews took place at the Councillors' Common Room at the City Hall, as many Councillors do not have offices in their wards. The site visit to the Councillor from Eastwood revealed visible information pamphlets on the notice board regarding the indigent policy. The research fieldworker observed the Councillor's personal assistant (PA) explaining the indigent policy to a community member. Her explanation appeared accurate, with a thorough knowledge of the policy and procedures. In addition, the Councillor issued the fieldworker with a sample letter used when recommending community members to the indigent free basic service application process.

Observational inspection at the municipal offices of Imbali and AS Chetty building revealed not a single poster or advert/consumer information on the walls or behind the counters. The fieldworker, when enquiring about the policy at the counter at the Imbali office, was advised to contact his Ward Councillor. In addition, the assistant at the offices informed him of the necessary documentation required to make an application. He was informed, on enquiring, that the application process took a month or two.

4.4 Quantitative Survey with Beneficiaries

4.4.1 Demographics

Fifty-two people from seven different areas in the Msunduzi municipal area participated in this survey (Table 1). The study assumed property values, for each area, based on the period that the majority of houses received subsidy approval as part of a government housing project. Ages of the participants ranged from 19 years (child headed household) to 77 years of age, with the average age being 45 years. 57.7 % (n30) of the sample were female and 42.3% (n22) male. The number of people living on the surveyed properties ranged from one person to 12 people, with the average being 4.7 persons per property.

Table 1 below describes the survey sample. Properties are valued as a whole for each area. The households in Unit 13 and France should therefore, for the purpose of this study, all automatically qualify for free basic services.

Table 1: Survey Area

	Assumed House and Land value	Number in sample	Percent
Unit 13 Phases 1-3	< R30 000	7	13.5
Ashdown	> R40 000	11	21.2
Eastwood	> R40 000	3	5.8
Eastwood (CHH)+	> R40 000	1	1.9
France	< R30 000	14	26.9
Imbali Unit 13/ formal (old stock)	> R40 000	1	1.9
Oribi	> R40 000	15	28.8
Total		52	100.0

+ Child headed household.

4.4.2 Beneficiaries' knowledge of indigent free basic services policy

As indicated in Table 2 below 65.4 % of people that participated in this studies survey have never heard of indigent free basic services. Most people that have heard of the policy heard about it on the radio. It appears from the results that the municipality's dissemination method of using Ward Councillors and distributing pamphlets at Izimbizo is not very effective. 10 out of 52 (19.2 %) people surveyed had some knowledge on

how to apply for this service. The child headed household, based in an area that does not automatically receive free basic services, was unaware that they were entitled to apply for free services.

Table 2: Indigent policy awareness – source of information

	Frequency	Percent
Not heard	34	65.4
Radio	7	13.5
Word of mouth	4	7.7
Pamphlet	1	1.9
Municipality +other	1	1.9
Councillor	3	5.8
No response	2	3.8
Total	52	100.0

Only 10 of 52 people surveyed (19%) responded to the question relating to specific policy knowledge. Most of the respondents referred to the indigent free basic services policy as a policy that offers a reduction of monthly payments and electricity to the poor. Two (n2) people made mention of approaching their Councillor for assistance before going to the Mayor’s office to apply.

4.4.3 Free Basic Service Qualification

88.5 % (n46) households surveyed earn less than R 2 136 per month. 48.1% (n25) households automatically receive free basic services based on the properties in their area all being valued at less than R30 000 (Table 3). 21 of the 25 households with automatic qualification were from France or Unit 13. Three (n3) households from Oribi stated automatic qualification and one (n1) from Ashdown. It was clear from the results that many people, although automatically qualifying for free basic services, had not heard of this policy. We can therefore conclude that people receive free services automatically but are not aware that they are receiving this service. Only four households (7.7%) received free basic service on application.

Table 3: Automatic qualification

	Frequency	Percent
Yes	25	48.1
No	26	50.0
No Response	1	1.9
Total	52	100.0

The results of the survey show that 82.7% (*n*43) of people surveyed do not pay for water, regardless of whether they had heard about the policy or not being registered for free basic services. It appears, therefore, that households in the area surveyed neglect to pay their water bills (Table 4).

Table 4: Pay for water

	Frequency	Percent
Yes	9	17.3
No	43	82.7
Total	52	100.0

69.2% (*n*36) either pay for electricity, through billing or prepaid cards (Table 5). The mean cost for electricity in this survey was R175.31 per household/month.

Table 5: Pay for electricity

	Frequency	Percent
Yes	36	69.2
No	5	9.6
Prepaid	11	21.2
Total	52	100.0

4.4.4 Consumption

Most participants (53, 8%) responded that they were able to manage on 6kl of water/month. These results reflect ambiguity on two levels. Firstly, only 13.5 % of households monitor their consumption, and secondly, earlier results reflect that a large portion of households in the survey area is not concerned with paying for water.

4.4.5 Benefits of receiving free basic services

People felt that the unemployed, pensioners, and child headed households did benefit from this policy. A discounted rate on prepaid electricity affords people the opportunity to save and pay for urgent expenses.

4.4.6 Consumer complaints

Common problems experienced by people surveyed in this study were:

- No or little information given to the public regarding free basic services.
- Councillor either not available, or people do not know where to find their Ward Councillor.
- Need clarity on the application process.
- Applied for free basic services but never heard from municipality.
- Complaints about the high cost of electricity and electrical black-outs.
- The need for reduced or free electricity.
- Water services not responding to reported meter leaks.

4.4.7 General comments

Many of the people surveyed when asked for comments referred to the need for municipal or government support in acquiring their own home. High crime and unemployment were factors that people felt impacted on their lives. People living in France and Oriibi, in particular, requested assistance in paying rent and services.

4.4.8 Conclusion

The above results clearly show that many people living in poor areas are not aware and are not benefiting from Msunduzi Municipality's indigent free basic service policy. The majority of people surveyed earn below R2 136, 00 per month and should thus be benefiting from the policy, either automatically or through the application procedure. Those who do benefit only do so because of automatic qualification and not through awareness of policy. Re-valuation of properties at market related prices might influence some households' existing free services, causing confusion within communities. It is evident that dissemination methods implemented by the municipality are not effectively reaching the target population. General non-payment of water services is extensive in the areas surveyed, whilst most households pay for electricity.

CHAPTER 5

DISCUSSION AND RECOMMENDATIONS

This chapter compares and discusses similarities and differences in the findings of the three sectors that participated in the study. The comparison categories as derived from the objectives of this study are:

- Defining the policy.
- Disseminating the policy.
- Consumer consumption.

5.1 Defining the Policy

Municipalities are entitled to formulate their own indigent free basic services policies applicable to individual municipal infrastructure and capacity. Formulation of the Msunduzi Municipality's Indigent Policy originally involved key officials from various sectors of the municipality. It is evident that the Finance Department has become the custodian of the policy. The Department deals directly with indigent beneficiaries, whereas this is not the case with the other two departments supplying the actual services, namely water and electricity. There is clear evidence of insufficient inter-departmental communication in terms of the perception and interpretation of policy conditions and their applications. Inter-departmental cooperation, strategizing, and ongoing sharing of information are logical prerequisites for a workable free basic services strategy. Technical departments are familiar with the practical aspects of providing services to communities and should be able to contribute suggestions on criteria for selecting beneficiaries.

Ward Councillors form an integral link to indigent households, yet it is apparent that the Councillors seemed excluded from the realities and application of the policy. This results in Councillors having confused and inadequate information on qualification entitlement. Again, successful implementation is dependant on integration and communication to all and by all stakeholders.

An interesting finding of this study was that many indigent households benefit automatically due to their property values being below R30 000, yet they are not all aware of this. In addition, the current criteria of property valuation creates a “loophole” for residents living in areas that are classified globally as low-income, but who are economically sound and receive free basic services when they are in a position to pay for those services.

The lack of awareness of automatic qualification under the current criteria will create a further challenge with the implementation of the Municipal Property Rates Act and the introduction of individual, market-related property valuations. Indigent beneficiaries who previously assumed that they were exempt from payment of rates and service charges may then no longer qualify automatically, but will need to apply for relief. Whereas the current system of blanket exemptions was adopted for administrative expediency, reassessing and issuing bills to those previously exempt will be a formidable task that could fail if public education and administrative resourcing are not substantially boosted.

5.2 Policy Dissemination

The results of this research noticeably show that dissemination of the Indigent Policy to targeted communities needs urgent attention. A minority of participants in the beneficiary survey had heard of the policy.

Ward Councillors received some degree of training in an initial one-day workshop. Not all Councillors attended the workshop and no further training of Councillors was evident. Understanding of the policy does appear to be adequate in assisting potential applicants with the necessary documentation and letters of recommendation required in the application process. Contradictions were apparent about application processing time. The municipality maintains that processing is immediate, whereas Ward Councillors’ experience of processing ranges from a vague “not too long” to one month. Such inconsistencies reflect differences in the efficiency of processing routes – applying in person at the Customer Service Centre seems to result in immediate turnaround, whereas applying via a Ward Councillor’s office inherently creates processing delays.

The most recent distribution of the policy seemed to have been reliant on the Mayoral Izimbizo and a one-off edition of *Umphithi News*. Two thirds of the beneficiary sample had not heard of the policy, and no mention was made of *Umphithi News* as a source of information. Very few Ward Councillors have offices in their wards and rather make use of the Councillors' Common Room at the City Hall, making access for potential applicants difficult. This study found no evidence of indigent free basic service policy brochures or information charts in both municipal buildings visited.

5.3 Consumption

Msunduzi Municipality bases their free basic water allowance of 6kl/month as recommended by the DWAF on guidelines established by the World Health Organisation. The findings suggest that beneficiaries tend to manage on the allocated amount. However, concerns expressed that this water allowance is inadequate for efficient use and maintenance of waterborne sewerage, and anecdotal suggestions of water theft and tampering with restriction devices, tend to subvert the accuracy of the results.

Suspending water services to households consuming in excess of 6kl serves as a strategy to encourage access to services in the intermediate category, where households can apply for continuous water supply at a reduced rate. However, the findings of this study show that the vast majority of the sample does not pay for water. In addition, suspension of water services in indigent communities is not common. The Department of Finance estimated that approximately 50% of the R184 million written off by the municipality in 2006 was irrecoverable debt owed by indigent households. This directly undermines the application-based system for allowing indigent households a reduced tariff for consumption in excess of the free basic allowance.

Comments by the Electricity Department and the survey results indicate current electricity concessions are not meeting basic consumption needs of indigent households. There seems to be strong need for implementing consumer education programmes as a mechanism for both water and electricity conservation. Rolling (rather than one-off) consumer education awareness programmes provide a dual platform for dissemination of indigent services policy and consumption management.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

This study set out to investigate the interpretation and accessibility of the Msunduzi Municipality's indigent free basic services policy. Information from the three target groups (municipal officials, Ward Councillors, and beneficiaries) was gathered, analysed, and compared. The key questions guiding the study were:

- Who is indigent? The policy does not define the term, and is implied only in relation to income and property value.
- How and where is the policy disseminated?
- How aware are Ward Councillors of the policy, and how effective are they in disseminating the policy and referring qualifying applicants?
- What consumer education is provided on services, consumption, and billing?
- How appropriate is the sliding scale policy on rates concessions, particularly in light of the implementation of the new Municipal Property Rates Act?

6.1 Is the term basic indigent, as defined in the policy, in terms of qualification for free services, accurate and appropriate?

This study found that the term 'indigent' as applied in Msunduzi Municipality's free basic services policy is defined primarily in relation to the area in which people reside, and the assumed global value of properties in each distinct area. Admittedly, this broad definition does result in ease of administration of the policy. Those residing in areas valued by the municipality on the lines of housing subsidy values below R30 000 receive automatic qualification for free basic services, subject to restricted supply. According to the results of this study, several members of communities receiving free services are unaware of this benefit. There are further, households within the automatic indigent areas that have a market value substantially in excess of R30 000; implying an income in excess of the R 2 136 limit to qualify even for reduced tariffs upon application.

It seems apparent therefore that the current definition of indigent tends to be confusing in the following ways:

- The policy provides free basic services for all living in the residential areas deemed to be below income and not specifically for the poor.
- People living on properties valued above R30 000 have to go through a complicated annual process to apply for reduced tariffs for rates and services.
- It is impossible, in the current system of using assumed global property values, to know the extent to which the application process (means tested) is reaching those that the policy is designed to assist.
- Numerous indigent people have improved their homes over an extended time, and thus risk losing the privilege of qualifying automatically for free basic services when their properties are subject to individual valuation under new legislation.
- Councillors question the maximum income criteria of R2 136 as being appropriate, particularly for large households or grandparents struggling to make ends meet.

A standard, uncomplicated definition of “indigence”, based on accurate poverty indicators, would achieve improved access to free basic services for the targeted population.

6.2 Are current dissemination methods effective?

The results of the study reflect poor dissemination of the policy as a huge limitation to the implementation of free basic services. Most people surveyed had never heard of the policy, and the Councillors expressed a need for better understanding of policy guidelines and application procedures. Poor dissemination is reflected further in that 24 000 households receive free basic services automatically (based on an assumed property value of under R30 000), and only 3 500 households have applied for free basic services.

The research found that dissemination of the policy is inadequate due to a multiplicity of factors:

- The apparent lack of a dedicated municipal representative responsible for disseminating the policy.
- The lack of a comprehensive information dissemination strategy, using rolling awareness campaigns, ongoing training of officials and Ward Councillors, and ready availability of pamphlets in municipal offices.
- The use of blanket exemptions for areas deemed to have properties worth less than R30 000, which combined with an inconsistent application/ enforcement of restrictions on water usage, undermines the very need for public awareness
- The Indigent Policy document available on the Msunduzi Municipality's website is complex and difficult to interpret by intermediaries who are potentially able to convey the policy to targeted beneficiaries, e.g., NGOs and faith-based groups working in low-income areas.
- Reliance on Mayoral gatherings (Izimbizo) as the sole method of reaching mass audiences is clearly ineffective in terms of beneficiary feedback from interviews.

More effective and systematic dissemination methods by the municipality are essential to promote the accessibility of free basic service to indigent households.

6.3 Policy Recommendations

This study makes the following recommendations:

Re-formulation of qualifying criteria, based primarily on household income, is more appropriate in determining indigent status. The current reliance in the first instance on property values would be entirely inappropriate with the implementation of the Municipal Property Rates Act, which demands the individual valuation of all properties within a municipality's jurisdiction.

Other factors that are more difficult to administer, but have a direct effect on consumption patterns, include household size and type of sanitation. These would favour

the retention of a tiered system of reduced rates and service charge tariffs for households unable to manage on the free basic allowances.

Inter-departmental input, from all departments concerned with service delivery and finance, is essential in providing for coordinated and equitable application of free basic services. This includes departments responsible for water, electricity, rates, sanitation, and refuse removal.

Systematic monitoring and evaluation of the application of indigent policies is necessary to provide opportunity for realistic policy adjustments when required. Granting blanket exemptions and periodic write-offs of rates and service charges does not guarantee that the policy is reaching those it intends to reach, or provide any empirical evidence to minimise abuse of the policy by those who can afford to pay for services, or exploit access to unrestricted supplies for personal profit.

The indigent free basic services policy needs to be designed in accordance with municipal affordability. Equitable service shares allocated to each sector providing free basic services should be fully utilised, by making a concerted effort to encourage people to apply for services. Departmental surpluses provide opportunity to either increase allocated free amounts, or provide a larger section of the public with free basic services.

Current billing systems should be reviewed. It is accepted that problems with postal delivery services in low-income areas does compromise the municipality's ability to administer an effective billing system. More stringent debt control will reduce the need for bad debt "write offs" and combat the continuing consumer culture of non-payment.

National Government has placed responsibility with local government to fulfill their commitment of providing free basic services. It is therefore the Municipality's responsibility to ensure that the policy conditions, and understanding of the policy, filter down through the system to reach the intended target. Policy knowledge should be consciously distributed on an ongoing basis to all service departments, Ward Councillors, and inevitably the beneficiaries of free basic services. It is of particular concern that the current automatic qualification obviates the need for consumer education.

An effective and ongoing information dissemination strategy is critical to reach the intended beneficiaries of the policy. Ward Councillors are a vital conduit between the municipality and public in this regard. Civil society (NGOs and Community- and Faith-Based Organizations) can also play a valuable supplementary role in identifying vulnerable, and in particular child-headed, households. These organizations could further serve as a platform for disseminating the policy.

A dedicated official(s) responsible for policy dissemination and consumer education should be established in the municipality. These could be staff seconded from each service delivery department and the Department of Finance who form an inter-departmental task team, with a lead official as co-ordinator and secretariat; or a dedicated Indigent Policy Unit with broader functions of information dissemination, consumer education (including consumption management and conservation), monitoring and evaluation, and policy and procedure review. The cost of such a unit could be recovered by more effective debt management.

Additional suggestions on improving current access to and knowledge of the policy have been highlighted throughout the results of this study.

6.4 Avenues for further research

Existing literature on indigent free basic service and the results of this study indicate the need for a comprehensive investigation to indigent free basic services on both a provincial and a national level. Differences in definitions, dissemination methods, and policy application call for a national review of criteria and methods of implementation. Results of a broader cross-municipality would help to develop standard, practical implementation and dissemination guidelines, and remove many of the ambiguities that currently exist in the application of the national indigent services policy guidelines. The level of assistance provided to qualifying indigent households will obviously continue to vary according to the ability of different municipalities to subsidise services.

6.5 Conclusion

It is common knowledge that high levels of unemployment and poverty exist in South Africa. Countless people are not in an economically viable position to pay for basic services that are vital to their well-being. The South African Government has dedicated the provision and access of affordable housing, sufficient water and adequate sanitation as a basic human right to all citizens. The responsibility for service delivery has been devolved since to local government, which faces significant challenges in fulfilling its mandate.

Many municipalities both urban and rural have begun to implement some form of free basic services to their poor communities. Municipal infrastructure and capacity are crucial factors influencing the success of such a policy. It is therefore, imperative that municipalities monitor, review and plan unambiguous policies through IDP processes to ensure effective achievement (Department of Provincial and Local Government, 2005).

The Msunduzi Municipality has developed a fundamental indigent services policy benefiting numerous poor people. However, it is the conclusion of this study that the current policy falls short in several aspects of application and reach.

The study highlighted the need for a more appropriate policy definition based on household income rather than property values. This will produce a policy more conducive to the intended target, and also ensure the policy does not become outdated by changing municipal rates legislation. The complex nature and administration of the existing policy leaves it open to misinterpretation and failure in its application.

Present dissemination methods need significant overhaul. Public awareness falls short of guaranteeing adequate accessibility to the Msunduzi Municipality's indigent services policy by those genuinely poor members of the public who require a lifeline to basic services.

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