

**MINISTRY**

**COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN/ORAL REPLY**

**QUESTION NUMBER 571**

**Mr P van Dalen (DA) to ask the Minister of Cooperative Governance and Traditional Affairs:**

Whether, with reference to his reply to question 4094 on 8 December 2015, the requested information has been received from the metropolitan municipalities; if so, when will the specified information be made available? NW677E

**Reply:**

a) The department is only responsible for managing the local government equitable share which provides for the subsidization of the provision of basic services to poor households. In the Local Government Equitable Share formula a monthly household income equal to two old age pensioners’ grant of R2 300 per month is used to define the formula’s affordability threshold. It should be noted that the threshold is not an official poverty line or a required level to be used by municipalities in their own indigent policies. However, should municipalities choose to provide fewer households with free basic services than they are funded for through the local government equitable share, their budget documentation should clearly indicate why they have made this choice and how they have consulted with their community during the budget process.

1. With regard to the Local Government Equitable Share (LGES) formula, the basic services component of the formula provides for the subsidisation of the provision of basic services to poor households. The subsidy includes funding for the provision of free basic water (6 kiloliters per household per month), energy (50 kilowatt-hours per household per month) and sanitation and refuse (based on the service levels as defined national policy). The basic services component provides a subsidy of R313.76 per month in 2015/16 for the cost of providing basic services to each of these households. The monthly amount provided to each service is provided in the Explanatory Memorandum to the 2015 Division of Revenue Bill.

c) According to the STATSSA Non-Financial Census released in August 2015, the total nationwide number of indigent households registered with municipalities is 3 482 260. The table below captures registered indigent households per metro:

**Table 1: Total Number of Indigent Households Registered in each Metropolitan Municipality**

|  |  |  |
| --- | --- | --- |
| **Province** | **Metropolitan Municipality** | **Indigent Households** |
| Gauteng | City of Johannesburg | 288, 209 |
| Tshwane | 96, 883 |
| Ekurhuleni | 36,526 |
| Free State | Mangaung | 20, 105 |
| KwaZulu Natal | Ethekwini | 589, 605 |
| Eastern Cape | Buffalo City | 61, 960 |
| Nelson Mandela Bay | 85,022 |
| Western Cape | City of Cape Town | 288, 724 |
| **Total** |  | **1,467,034** |

d) The basic services component of the local government equitable share is worth   
R33.3 billion in 2015/16 financial year and accounts for 74.9 per cent of the total value of the local government equitable share.

e)

* + 1. The eligibility for indigent subsidy is determined via application. All households who qualify in terms of the criteria set by the municipality visit municipal offices and/ or other registration points established by the municipality to complete and lodge applications for subsidy consideration.
    2. The eligibility for indigent subsidy is not determined automatically via Property valuation. Instead, it is determined via application process as in (i) above. Property valuation is just but one of the many targeting methods that municipalities can use to target indigent households as spelt out in the national indigent Policy framework and the implementation guidelines.