



**NELSON MANDELA BAY METROPOLITAN
MUNICIPALITY
ASSISTANCE TO THE POOR
(FREE BASIC SERVICES - INDIGENT) POLICY
VERSION 5**

POLICY HISTORY

TITLE OF POLICY		Assistance to the Poor (Free basic services – Indigent) Policy Version 5					
POLICY OWNER		Chief Financial Officer					
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DOCUMENT HISTORY:							
Policy Title	Status <small>(draft, current, revised, no change, redundant)</small>	Approving Authority	Decision date	Resolution No.	Ref No.	Doc No.	Pending date for next revision
Assistance to the Poor (V5)	Current	Council	13 October 2022	-	5/18/5/P	N/A	13 October 2025
Assistance to the Poor (V4)	Rescinded	Council	20 December 2021	-	5/18/5/P	N/A	20 December 2024
Assistance to the Poor (V3)	Rescinded	Council	04 December 2018	-	5/18/5/P	N/A	04 December 2021
Assistance to the Poor (V2)	Rescinded	Council	30 May 2016	-	5/18/5/P	N/A	30 May 2019
Assistance to the Poor	Rescinded	Council	19 September 2013	-	5/18/5/P	N/A	19 September 2016

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1. DEFINITIONS

“ATTP” means Assistance to the Poor.

“ATTP household” means any household which is responsible for the payment of services and rates, earning a combined gross income equivalent to or less than two times the Government pension grant as prescribed by the National Department of Social Development or in line with the National Indigence Framework issued by the Department Local Government (DLG), who qualify, according to the policy, for rebates/remissions, support or a services subsidy. Examples hereof include pensioners, the unemployed and child-headed families who are unable to fully meet their obligations for municipal services consumed and property taxes on their monthly accounts.

“ATTP Management System” an electronic management system used by Nelson Mandela Bay Municipality for the management of the register of ATTP households.

“Child headed household” means a household where both parents are deceased and where all occupants of property are children of the deceased and are all under the legal age to contract for service and are considered as minors in law by the state.

“household” means as a registered owner and/or tenant with children who reside on the same premises.

“Municipality” means the municipality of Nelson Mandela Bay, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the Municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee.

“occupier” means the person who controls and resides on or controls and otherwise uses immovable property, provided that:

- (a) the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof.
- (b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier.

“owner”, in relation to immovable property, means:

- (a) the person in whom is vested the legal title thereto provided that:
 - (i) the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and
 - (ii) the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof.
- (b) if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;

- (c) if the owner is absent from the Republic or if his or her address is unknown to the Municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
- (d) if the Municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property.

“premises” includes any piece of land, the external surface boundaries of which are delineated on:

- (a) a general plan or diagram registered in terms of the Land Survey Act, 1997 [Act No. 8 of 1997] or in terms of the Deeds Registries Act, 1937 [Act No. 47 of 1937];
- (b) a general plan registered in terms of the Sectional Titles Act, 1986 [Act No. 95 of 1986], and situated within the jurisdiction of the Municipality.

“rates” means any tax, duty or levy imposed on property by the Council.

“Verification officer” an official duly authorised by the municipality, or an employee of a service provider appointed by the Municipality, who is responsible to ensure that an assessment, screening, and site visits are undertaken.

2. INTRODUCTION

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

The *Municipality* therefore adopts an Assistance to the Poor (Free Basic Services) policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidization of service charges to *ATTP households* in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from *ATTP*.

3. POLICY PRINCIPLES

It is against the above background that the *Municipality* undertakes to promote the following principles:

- 3.1 To ensure that the Equitable Share received annually will be utilized for the benefit of the poor only and not to subsidize *rates* and services charges of those who can afford to pay.
- 3.2 To link this policy with the Municipality’s IDP, local economic development (LED) initiatives and poverty alleviation programmes.
- 3.3 To promote an integrated approach to free basic service delivery; and

3.4 To engage the community in the development and implementation of this policy.

4. POLICY OBJECTIVES

In support of the above principles the objective of this policy will be to ensure the following:

- 4.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council.
- 4.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidization.
- 4.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy.
- 4.4 The provision of procedures and guidelines for the subsidization of basic charges and the provision of free basic electricity to *ATTP households*; and
- 4.5 Co-operative governance with other spheres of government.

5. THE LEGISLATIVE FRAMEWORK

This policy is designed and implemented within the framework of the following legislation:

- Customer Care and Revenue Management By-laws, 2003.
- The Constitution of the Republic of South Africa Act 108 of 1996;
- The Municipal Systems Act 32 of 2000;
- The Municipal Finance Management Act 56 of 2003;
- The Promotion of Administrative Justice Act 3 of 2000;
- The Promotion of Access to Information Act 2 of 2000;
- The Property Rates Act 6 of 2004

6. QUALIFYING CRITERION

Qualification criteria for indigent support and the municipal services qualifying for such support shall be determined by the *Municipality* from time to time, provided that until the *Municipality* determines otherwise, the following criteria shall apply:

- 6.1 Where the joint income of an account holder and co-owner does not exceed (2) times the maximum state pension amount per month, such household shall be deemed to be indigent.
- 6.2 The applicant must be a resident of the *Municipality*.
- 6.3 The applicant must be in possession of a valid South African identity document.
- 6.4 The applicant must be the *owner* or tenant who receives municipal services and is registered as an account holder on the municipal financial system.

- 6.5 The following child grants received by a *household* will be excluded from determining household income, provided proof of such grants is supplied by the applicant:
- Foster Child Grant
 - Care Dependency Grant
 - Child Support Grant
 - Grant in Aid
 - Court ordered Child Maintenance
 - Disability Grant
 - Ward Committee stipend
- 6.6 Property value limit: Any property which receives the *ATTP* subsidy, either through indigent, occupation or ownership may not exceed a property valuation of R2 000 000.00.
- 6.7 The *household* must convert to a pre-paid metering system and smart water meter system or subsidy may not be granted.
- 6.8 Registered owners of residential properties which have a municipal valuation of between R1.00 and R130 000, or as determined by Council from time to time, will be deemed to meet the Indigent qualifying criteria.

Annual re-application will not be required for any automatic *ATTP* cases. Automatic qualified cases will be exempted from all stipulations in this *ATTP* policy, except for the following stipulations:

- The account may not be in the name of a NMBM staff member;
- The property may not be State or Government owned;
- The account holder may not own multiple properties within the NMBM;
- Properties Registered as Vacant land will not qualify automatically. However, RDP properties awaiting transfer may complete a Manual application with all required documents and proof from Housing that the property is being registered.
- Accounts in the name of a non-natural owner (non-domestic) – business, Trust, etc. may not qualify automatically.

7. CONDITIONS

- 7.1 The account holder must apply in person and must reside on the property in respect of which assistance is sought, excluding 7.12, 7.13 and 7.14 below:

The *owner* of a property residing elsewhere due to a medical condition, relocation of elderly due to cultural obligations or retirement. Households must provide a medical report from a doctor/medical institution stating reasons as to why the property *owner* resides elsewhere. Provided this proof is submitted upon applying for *ATTP*, households should be allowed to apply and exempted from being disqualified because property *owner* resides elsewhere. Family members residing at the property must be able to apply for *ATTP* benefits provided they submit written documentation or Power of Attorney. Household income may not exceed two state pensions. Property *owner* income will be excluded as he/she will be giving a family member permission to undertake all matters regarding the property.

- 7.2 The applicant must be an account holder and reside on the property in respect of which assistance is sought, excluding 7.12, 7.13 and 7.14 below.
- 7.3 The applicant must not own more than one fixed property within the Metro, excluding 7.14, 7.15 and 7.18 below. This includes ownership of Title Deed, Deed of Sale ownership and occupation.
- 7.4 A tenant can apply for the benefits in respect of the charges he/she are billed for (in respect of service accounts which were opened in the tenant's name before the implementation of the Customer Care and Revenue Management By-laws) and the landlord/property owner will still be liable for all ownership related charges, such as *rates*.
- 7.5 The account of a deceased estate may be subsidized under the scheme, if the surviving spouse or beneficiaries of the deceased, who occupy the property, apply for assistance. All other conditions of the scheme will still apply. *Transfer of the property will be done in terms of the Council Estate Late Project.*
- 7.6 A *child headed household* where both parents are deceased and all occupants of the property are children of the deceased and are all under the legal age to contract for service and are considered as minors in law by the state, presently the age of 18 years, can apply for assistance; Note: Income of the legal Guardian will be exempted.
- 7.7 The applicant must notify Council immediately should his/her financial position change or if any of the abovementioned criteria are not being met, thus enabling Council to reconsider the status of the *household* as a poor household.
- 7.8 The *Municipality* reserves the right to visit the *premises* of an applicant at any reasonable time for the purpose of verifying the information on an application whenever it is deemed necessary.
- 7.9 Normal *rates*, fees and requirements to pay an account will apply, should a household account exceed the scheme benefits.
- 7.10 Council reserves the right to review and revise the scheme conditions, criteria and benefits.
- 7.11 Disqualification as a result of fraud or non-disclosure of facts will make the account holder liable for the immediate payment of all benefits received and he/she may be prosecuted. Any type of business conducted on the *premises* of an account holder or by any other person, will also disqualify the applicant from receiving assistance.
- 7.12 Family members occupying *premises* where proof can be submitted that the relevant account holder/property owner has absconded and the owner's whereabouts is unknown, be granted subsidy. The abscondment must be reported to the police and the applicant/s must provide a police case number.
- 7.13 A lessee occupying *premises*, where proof can be submitted that the account holder/property owner has absconded and their whereabouts are unknown, be granted subsidy. In the case of an RDP property the case must be referred to the

Housing and Land Directorate for the re-registration into the occupant's name. In the case of non-RDP properties, the abscondment must be reported to the police and the lessee applicant must provide a police case number.

- 7.14 The unemployed family relatives, as defined by community norms, culture and traditions and where no rent is charged to the said occupants of the property by the *owner* who occupy the "family house", be granted subsidy once proof is received that the occupants do not pay rental to the property *owner*.
- 7.15 Where the Housing and Land Directorate has confirmed that a property *owner*/account holder was allocated 2 (two) adjacent erven in respect of the RDP Housing scheme as a result of the size of said properties, such property *owner*/account holder be permitted to apply for subsidy.
- 7.16 All miscellaneous once-off charges incurred by an *ATTP* beneficiary, with the exception of tampering charges and lease related debt, after the initial registration, will be written-off.
- 7.17 No legal action will be instituted against an *ATTP household* and no further legal costs and call-fees to be charged to *ATTP* accounts after qualification as an *ATTP household*, with the exception of tampering charges.
- 7.18 Any *ATTP* property sold within 3 years from the date the *ATTP* subsidy is granted, will have all *ATTP* write-offs and *ATTP* monthly subsidies processed on the account from the subsidy granting date, reversed (*unless proven that sale is due to the improvement in the household's financial status – found employment or the property transfer is due to the death of the property owner*) and the *owner* will be required to settle these amounts in terms of the *rates* clearance process.
- 7.19 Indigent persons who qualify for the *ATTP* subsidy, who are the recipients of land (*maybe (1) property or more*) from the Land Reform Process, should be exempted from clause 7.1, 7.2 and 7.3 for a period of 10 years from date of transfer and thereby receive a subsidy on their service charges on their land reform property, while they remain the *owner* of such property; over and above any *ATTP* subsidy they receive for occupying any other property. If development takes place on the land reform property within the 10-year period, then the *ATTP* subsidy will only be granted in terms of clause 7.14 [Family house] on the second property.
- 7.20 Non-profitable organisations such as crèches, children homes, charity organizations are exempted from *ATTP* income criteria. Such institutions must be the *owner* of the property and must provide proof from SARS that proves that they are exempted from paying taxes.
- 7.21 The account of a *child headed household* may be subsidized under the scheme, if the surviving spouse or dependents of the deceased, who occupy the property, apply for assistance. All other conditions of the scheme will still apply. Transfer of the property to the children will be done in terms of the Estate Late project, which was approved by Council.

- 7.22 Families anticipating annuity pay-out/advantage may apply for *ATTP* endowment should the family unit demonstrate that the month to month benefits payout, after the singular amount pay out, won't bring about that the all-out family will surpass the month to month pay criteria will not result in that the total *household* will exceed the monthly income criteria.
- 7.23 The occupants of properties where the property *owner/* account holder has abandoned the *household* and the occupants can prove that their financial status qualify for *ATTP* in terms of their total monthly income, should qualify for the *ATTP* subsidies.
- 7.24 Tenants who qualify in terms of *ATTP* income criteria may apply for a free monthly electricity token of 75 kWh., if copies of their lease are submitted. This token will be valid for a period of 12 months from the date of approval.

8. ASSISTANCE PROCEDURES

8.1 Communication

Communities will be informed and educated in order to have a clear understanding of this policy and its implementation. Regular information dissemination through ward committees, community-based organizations and face-to-face contact by means of imbizo's and community outreaches will be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general.

8.2 Application/Registration

- 8.2.1 A person applying for assistance must complete a formal *ATTP* application form approved by the *Municipality*.
- 8.2.2 All applications must be accompanied by the following documentation for each *household* occupant over the age of eighteen years:
 - 8.2.2.1 A copy of identity documents;
 - 8.2.2.2 Documentary proof of income, or an affidavit declaring income and three months' latest bank statements (where applicable);
 - 8.2.2.3 Proof of any other grants received;
 - 8.2.2.4 Proof of ownership of business or second properties.
- 8.2.3 The applicant must consent to the installation of any form of pre-paid meters as a system to limit the consumption of services and to abate the accumulation of debt;
- 8.2.4 As part of the application, the applicant exempts their rights protected in POPI Act;

8.2.5 In the event that the application is endorsed, the help will be for a period of 3 years without assurance of re-establishment. The onus stays on the candidate to re-apply for help every 3 years.

8.3 **Assessment and Screening of Applicants**

After the application/registration process all information must be verified by the Programme Officer or a person approved by the *Municipality* as follows:

8.3.1 Indigent Management System Check

The information on the Municipality's Indigent Management System must be checked to determine whether an applicant is already registered within the system as well as to determine dates when these existing applicants should be reviewed.

8.3.2 Data Capture

The indigent registration data must then be captured in an Indigent Management System as per the application form.

8.3.3 Verification – Site Visit

The *ATTP Management System* must assign an application to a duly appointed official to perform an on-site verification if necessary.

The *Verification Officer* must then verify that the information supplied on the application is true and correct, and may make recommendations for the acceptance of the application, or for further investigation which may include an external scan. Not always needed as external scan may suffice.

8.3.4 Verification – External Scans

An external scan of applicants recommended as suitable candidates for indigent support, may be conducted with UIF, SARS, Department of Welfare, or Credit Bureau before or after the site visitation has been captured.

8.4 **Recommendation**

Once the verification has been completed the ATTP Management/Capturing System must generate a recommendation based on the information captured in the database. Those applications that qualify for ATTP benefits in accordance with the system are then to be referred to the ATTP Manager for final approval.

9. BENEFITS

Households qualifying in terms of the above will receive the following monthly benefits pertaining to charges appearing on a Municipal account.

9.1 Rates

A **full credit** for property rates.

9.2 Water

A credit to the maximum of **8 kilolitres of water** per meter reading cycle (approximately 30 days) provided the *Municipality* may take measures to restrict water consumption should the customer exceed this allocation. In the case of unmetered supplies, the fixed charge will be deemed to be the credit.

9.3 Sewerage

A credit for the monthly charge for the sewerage service irrespective of the service type, provided in the case of waterborne sewerage removal (with metered or unmetered water supplies) the maximum credit in any month will be the minimum charge for the service (based on **11 kilolitres**).

9.4 Refuse Rate

A **full credit** for the monthly charge in respect of the refuse collection and environmental fee will be allowed. In the case of the environmental fee, the property valuations will determine the maximum.

9.5 Free Electricity

- (iii) That all households who qualify for benefits from the Policy, and who consume electricity by means of a prepaid meter, will be issued with a token for 75 kWh of electricity without charge at the beginning of each month,
- (ii) That all households who qualify for benefits from the Policy, and currently waiting for Council to replace their credit electricity meter with a prepaid meter, receive a monthly subsidy to the value of 75 kWh of electricity on their monthly bill until such time as a prepaid meter has been installed.

9.6 Leakages, repairs and installation cost

- (i) Where water leakages occur at indigent principle households, such leakages can be repaired at council's expense and the cost thereof recovered from the equitable share grant.
- (ii) Where electricity meter problems occur at indigent principle households, such problems can be repaired at council's expense and the thereof recovered from the equitable share grant.
- (iii) Where sewerage problems occur at indigent principle households, such problems can be repaired at council's expense and the thereof recovered from the equitable share grant.

- (iv) The conversion to Pre-Paid Meters of indigent principle households, such conversions can be converted at council's expense and the cost thereof recovered from the equitable share grant.

9.7 Rental (Dwellings and Sites)

100% subsidy will be granted to indigent households in respect of all dwellings or Sites belonging to the *Municipality*.

9.8 Transfer of properties

In the event of the death of the title holder of the property in an indigent household, the *Municipality* may enter into agreements with contracted attorneys for the administration of the estate and the transfer of the property into the name of the successor, free of charge provided the property evaluation does not exceed the value prescribed by the Magistrate Court Act.

10. POOR HOUSEHOLDS IN BODY CORPORATE AND RETIREMENT CENTRES

- (a) That indigent owners/consumers/tenants living in Body Corporate or Retirement Centers be eligible to qualify for assistance under the Scheme, subject to the following rules and procedures:
- (i) The onus will be on the Board of Trustees/Managing Agent/Chairperson of a Body Corporate (hereinafter referred to as the representative of the Body Corporate or Retirement Centre) to apply to Council, for indigent status to be granted in respect water consumption on behalf of the owners of those units, which meet the criteria and conditions for qualification, as determined by Council from time to time.
 - (ii) The onus will be on the unit owner to apply to Council, for indigent status to be granted in respect property rates and related charges for those who meet the criteria and conditions for qualification, as determined by Council from time to time.
 - (iii) The representative of the Body Corporate or Retirement Centre, will submit applications to the Chief Financial Officer: Budget and Treasury Directorate, which applications must be accompanied by a certified copy of the Sectional Title Plan of the Body Corporate or Retirement Centre, which indicates the participation quota for each unit, as registered in the Deeds Office.
 - (iv) The Chief Financial Officer: Budget and Treasury Directorate, or his delegate will consider and verify all applications and notify:
 - the representative or the Body Corporate or Retirement Centre whether an application was successful or not, with regard to the water consumption;
 - the unit owner whether an application was successful or not, with regard to the property rates and other related charges.

- (v) The Chief Financial Officer: Budget and Treasury Directorate will credit the monthly municipal:
- water account of a Body Corporate or Retirement Centre with water and sewerage charges, the amount of which will be calculated by dividing the total number of kilolitres of water consumed by the Body Corporate by the number of units in the complex, but up to a maximum of 200 liters of water per day for each unit that qualifies for assistance;
 - general rates and environmental and refuse charges account of the unit owner with the full amount charged.
- (vi) The representative of the Body corporate or Retirement Centre in respect of which monthly water credits are allowed under the Scheme, must ensure that such credits are off-set against the monthly levies of the relevant individual units; such representative also being required.

11. PROCESS MANAGEMENT

11.1 Validity period

Validity period of assistance will be for a maximum period of 3 years. Households will be verified by means of ITC at the end of every 12-month period and manual re-application will be compulsory after three-year period.

11.2 Death of Registered Applicant

In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

11.3 Excess Usage of Allocation

If the level of consumption of the *ATTP* household exceeds the consumption level approved by the *Municipality*, the *household* will be obliged to pay for the excess consumption on a monthly basis. A water management device will be installed at the *premises* of such households and the water flow will be restricted to the maximum kiloliters allowed as per the policy per *household*.

11.4 Termination of ATTP Benefits

ATTP benefits will be terminated under the following circumstances:

11.4.1 Death of account-holder.

11.4.2 upon sale of the property.

11.4.3 When circumstances in the *ATTP household* have improved in terms of a gross income exceeding two times the government pension grant.

11.4.4 If the applicant is found to have furnished false information regarding indigent status, in which case the following may apply:

11.4.4.1 All arrears will become payable immediately.

11.4.4.2 Stringent credit control measures will apply; and

11.4.4.3 The applicant will not be eligible to apply for indigent support for a period of 12 months.

11.5 Audit and review

The *Municipality* will conduct an audit of the *ATTP* register on an annual basis with regard to the information furnished by applicants and possible changes in status.

12. MONITORING AND REPORTING

12.1 The Chief Financial Officer shall report monthly to the Council regarding following:

12.1.1 Number of indigent households applied.

12.1.2 Amount of subsidy allocated per service category.

12.1.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions).

13. EXCLUSIONS FROM THE POLICY

Exclusion criteria for households, who automatically qualify for assistance under the revised Scheme because of the property valuation criterion, but whose *household* income exceeds two state welfare pensions.