



THEME: REVENUE MANAGEMENT IMPROVEMENT PROGRAMME

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Key Legislation

- **Constitution of the Republic of South Africa Act 108 of 1996 (Constitution)**
- **Section 26 and 27 of the Constitution**
 - **Section 26:** Everyone has the right to access to adequate Housing
 - **Section 27:** Everyone has the right to access to Health care services, Sufficient food and Water and Social Security


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Key Legislation

- **Local Government: Municipal Systems Act 32 of 2000 (Municipal Systems Act)**
- **Section 96: Debt Collection Responsibilities states that a municipality:**
 - must **collect all money** that is due and payable to it, subject to this Act and any other applicable legislation
 - for this purpose, **must adopt, maintain and implement** a credit control and debt collection policy which is consistent with its **rates and tariff policies** and complies with the provisions of this Act.




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Key Legislation and Policy



■ Section 98: *By law to give effect to policy*

- A municipal council **must adopt** by-laws to give effect to the municipality's credit control and debt collection policy, its **implementation** and **enforcement**.
- By-laws may **differentiate** between **different categories** of ratepayers, users of services, debtors, taxes, services, service standards and other matters as long as the differentiation does not amount to **unfair discrimination**



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Contents of Policy (Key Policy Elements)



Section 97: *Credit control and debt collection policy must provide for:*

- Credit control procedures and mechanisms
- Debt collection procedures and mechanisms
- Provision for **indigent debtors** that is consistent with **its rates and tariff policies** and **any national policy on indigents**.
- *A credit control and debt collection policy may-differentiate between different categories of ratepayers, users of services, debtors, taxes, services, service standards and other matters as long as the differentiation does not amount to unfair discrimination*

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Defining Indigent from the Municipal Perspective



The role of local government in providing for indigents can be associated with providing:

- Water supply
- Sanitation
- Refuse removal
- Supply of basic energy services
- Assisting in the housing process.

The above can be referred to as the essential household services package

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Indigent Categories



☐ **The Blanket and Targeted approach** (Targeting from Revenue Management perspective)

☐ **Blanket approach**

- Where specific levels of services are given for free using to specific properties or households, e.g. using a Municipal Property Valuation, Geographical (zonal).
- This is a widely used approach as it has low administrative costs but could result to abuse if not appropriately managed.
- Policy should allow for a provision to deal with identified abuse.

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Indigent Categories



□ Targeted approach (Based on Income)

- **Means testing** – provided to households with specific incomes that are predetermined and approved by Council.
- This approach has high administrative cost and requires implementation of effective controls and verification processes
- Policy should detail specific criteria's to avoid delays in accessing the benefits and also to ensure the benefits are received by those targeted and in need.
- Policy should have a proviso that recipients of indigent benefits must agree to the terms and conditions specified by the municipality.
 - Any non adherence or misleading information submitted should result to the reversal of the benefit and appropriate action (legal action/fine) posed against the relevant property owner.

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APPLICATION AND VERIFICATION



□ *Property Owner/ Beneficiary's Details:*

- Full details of owner/s
- ID number /passport number
- Contact details:
 - Telephone number/ mobile number
 - Email address
- Level of Income – substantiated with supporting documents
- Relevant Supporting Documents(Affidavits)
- Ensure there are accessible points for applications



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BENCHMARKING



- ❑ Municipalities can make their own determination of FBS however there are minimum levels determined through the Constitution :
 - **Water supply:** Service level targeting (all get at least a public standpipe supply, or point source supply free) with free 6kl/month to those with plot or house connections.
 - **Sanitation:** Service level targeting with either property value or consumption based charge, or both
 - **Electricity:** Consumption based tariff, with the first 50kWh per month provided free.
 - **Refuse removal:** Targeting based on property value with additional service level payments for those requiring more than the basic service.

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MONITORING & EVALUATION



- ❑ Municipalities must assess whether the Free Basic Services are:
 - Appropriately allocated
 - Functioning adequately
 - Directed at the correct citizens.
- ❑ It is important have monitoring and tracking tools of the service provided
 - Is the community aware of the available service
 - Who is receiving the services - is the service impacting on *poverty or the quality of life of the beneficiaries*
 - Is the service offered at the appropriate service level, in view of *the environment, financial aspects and the social aspects.*



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MONITORING & EVALUATION



The consumption levels should be monitored:

- ❑ It is not possible to apply a sound indigent policy without
 - Reliable information to determine consumption levels and billing data,
 - Revenue projections and review dependence of indigent benefits
 - Billing those who receive the service above the free basic level and ensuing that payments are made through a sound credit control system.
- Optimise use of resources and technology



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MONITORING & EVALUATION



- ❑ *If there are **no effective monitoring tools**, those who are not indigent would get subsidies and use resources which would have been allocated to the indigent.*



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Thank You!



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