

MUNICIPAL REVENUE MANAGEMENT *Workshop*

THEME: REVENUE MANAGEMENT IMPROVEMENT - PROGRAMME

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HEAD: REVENUE MANAGEMENT

ETHEKWINI METROPOLITAN MUNICIPALITY

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2 FOOD FOR THOUGHT

Catherine O'Leary, managing director of KPMG (Chicago): "You want to get every dollar you're entitled to. You want to receive payment as fast as possible. And, you want to make sure you're doing it in a **legal manner**.* That's the core of a revenue cycle."

* My emphasis



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3 PROBLEM STATEMENT

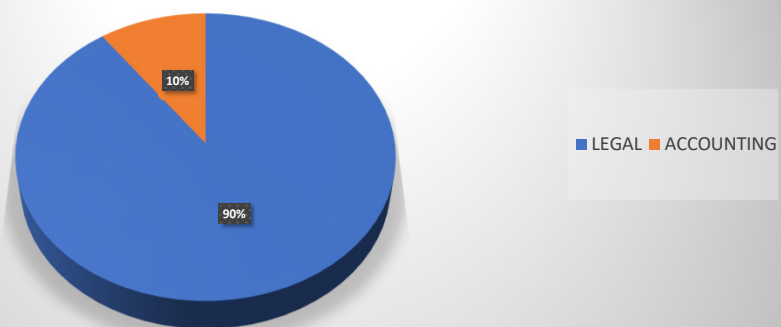
Municipalities are facing severe financial constraints due to the:

- Slowdown in the economy both locally and globally,
- Impact of COVID-19
- Strikes within all sectors of the economy,
- Increasing cost of delivery services,
- Increasing cost of maintaining assets;
- Increasing cost of improving and constructing assets of the municipality,
- Increasing cost of trading commodities,
- Poor culture of payment from all consumers
- Subsidies and grants from national and provincial government are not increasing as demand increases

How do we use Revenue to ensure the sustainability and viability of the municipality.

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4 REVENUE MANAGEMENT IN LOCAL GOVERNMENT



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OBJECTIVE AND OUTCOMES

- Look at Legislative Framework (RULES)
 - Constitution of South Africa
 - National Legislation
 - Local Government Municipal Systems Act, 32 of 2000 (MSA)
 - Local Government Municipal Property Rates Act (MPRA)
 - Local Government Municipal Finance Management Act, 56 of 2003 (MFMA)
 - Sectional Titles Schemes Management Act, 8 of 2011 (STMA)
 - Magistrates Court Act (MCA)
 - Prescription Act
 - Insolvency Act
 - Local Legislation
 - By-Laws
 - System of delegations
- Referee in this “GAME”
- Outcome of this session
 - Broad understanding of the legislative framework
 - How to use legislation in achieving Financial Sustainability

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LEGISLATIVE FRAMEWORK



Rules
of the
game

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7 LEGISLATIVE FRAMEWORK

- Constitution of the Republic of South Africa
- National Legislation
- Provincial Legislation
- Local Legislation



LEGAL FRAMEWORK

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8 CONSTITUTION OF RSA?

- Section 151
 - Right to govern
- Section 156
 - Right to make by-laws (Schedule 4b & 5b)
- Section 160(2)
 - Non – delegation
 - By-Laws
 - Budgets
 - Imposition Tariffs
 - Raising Loans
 - Approval IDP

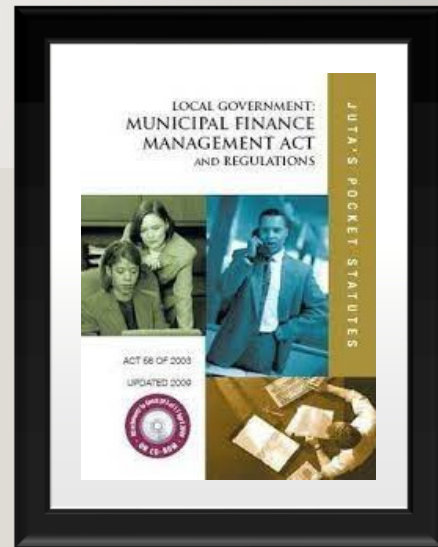


The Constitution
of the Republic of South Africa, 1996

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9 LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT ACT

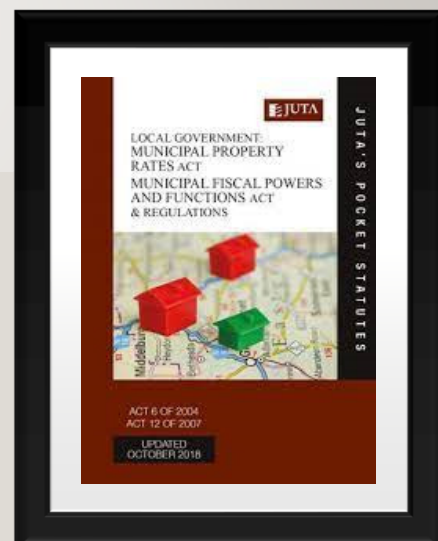
- Section 3
 - provision of this Act prevails
- Section 17 – Budgets
 - Realistic anticipated Revenue
 - Setting of tariffs and taxes
- Section 64 – Revenue Management - AO responsible
 - Effective Revenue Management
 - Cash receipting
 - Internal Control
 - Interest Mandatory
 - Proviso Budget related policy



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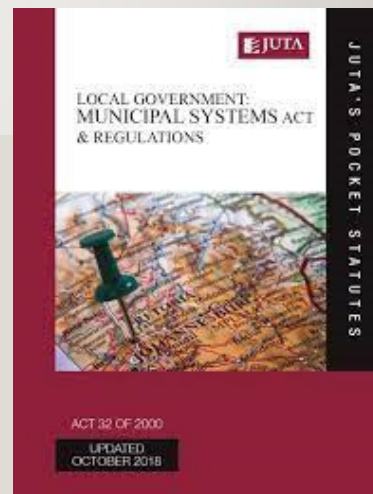
10 LOCAL GOVERNMENT MUNICIPAL PROPERTY RATES ACT

- Section 28 & 29
 - Right to collect Property Rates from tenants and or Agents
 - Need Notice served
 - Need By-Law to deal with non-compliance with Notice



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11 LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT



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12 CHAPTER 9 CREDIT CONTROL AND DEBT COLLECTION

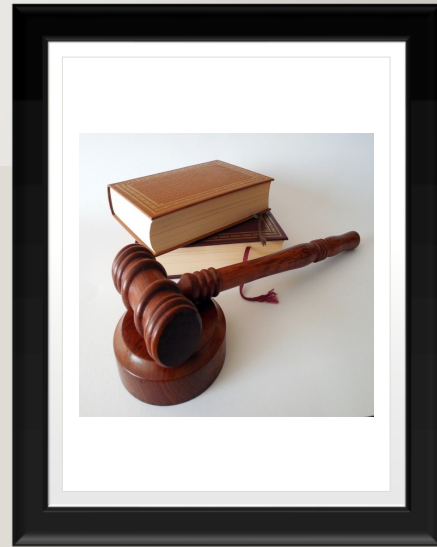
- Section 95 – Customer care
- Section 96 – Must collect all money, due and payable
 - Policies – Credit control debt collection & Tariff policy
- Section 97 – Content of Policy
 - Next session – detail on Policy
- Section 98 By-Law to give effect to Policy
- Section 99 - Supervisory authority
 - Review policy to improve efficiency
 - Councillor influence not to implement Section 119(1) offence
- Section 100 Implementing Authority
 - AO Responsible



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13 CHAPTER 9 CREDIT CONTROL AND DEBT COLLECTION ... CONT.

- Section 101 Access to premises
 - Non – Access – Criminal offence Section 119(3)
- Section 102 – Accounts
 - Consolidation
 - Receipt allocation
 - Implementation CC measures
- Disputes – process in Policy – Bylaw
- Copy accounts to owners



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14 CHAPTER 11 LEGAL PROCEEDINGS

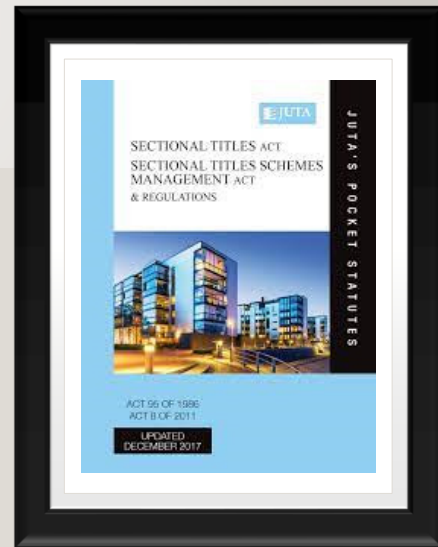
- Section 115
 - Delivery of documents and notices
- Section 118
 - Restraint on transfer of property
 - Section 118(2) Insolvency Act
 - Section 118(3) not applicable
conversion Land tenure Rights



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15 SECTIONAL TITLES MANAGEMENT ACT

- Section 16 – Appointment of Administrator
 - Application to Magistrates Court
 - Appointment suitably qualified independent person
 - Must be serious Financial Mismanagement
 - If place under administration good prospects to meets all its obligations
 - Costs of Administrator part of admin expenses of BC



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16 MAGISTRATES COURT ACT

- Section 58 & 59 - Summary judgment
 - Consent to judgment agreements on arrear debt
 - Need to follow court rules
 - Witness details and signature
 - Original contract
 - Reasons for debt
 - Processes to collect the debt



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17 ACCOUNTABILITY & DELEGATIONS

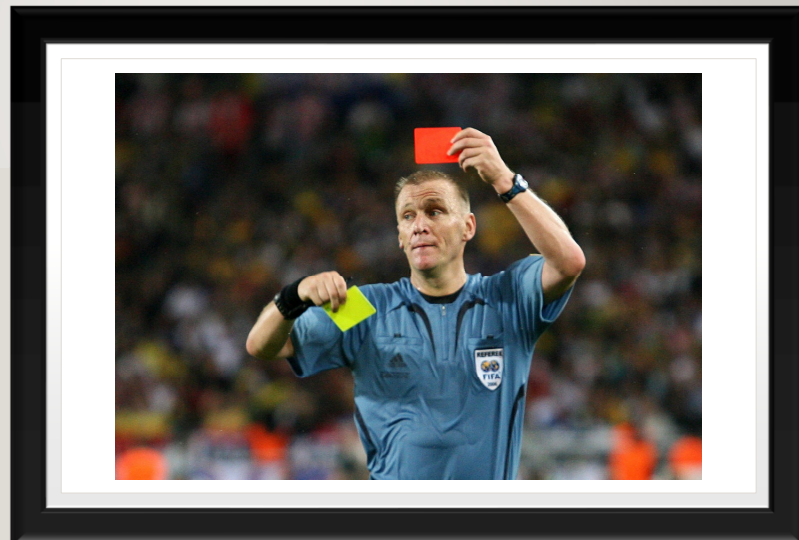
- AO is the accountable official
 - Cannot delegate Accountability only responsibility
- Section 59 MSA and Section 79 MFMA
 - Delegations to be adopted by council
 - Delegations required for all administrative actions e.g. signing documents services contract



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REFEREE



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19 REFEREE IN THIS GAME - JUDICIARY

- Judicial System in South Africa and the Constitution provide for the following Courts
 - Constitutional Court
 - Supreme Court of Appeal
 - High Courts – one per Province, 2 x Gauteng
 - Magistrate Courts
 - Any other Court established under Act of Parliament
 - Municipal Court



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20 LEADING JUDGEMENTS

- | | |
|---|---|
| <ul style="list-style-type: none"> • Nobumba N.O. vs Nelson Mandela Bay Municipality (NCA) • Jaftha v Schoeman & Others 2004 JDR 0601 (CCT 74/03) (Housing Sale) • Mkhize v Umvoti Municipality (Housing Sale) • PS Pearson vs Ethekwini transfer of receipts | <ul style="list-style-type: none"> • Hartzenberg and 8 others vs. Nelson Mandela Metropolitan Municipality (Pre-paid no By-law) • B G Beck & Others v Kopanong local Municipality (Pre-paid, Service provider, By-Law) • Joseph v City of Johannesburg and others CCT 43/09 (14 days notice Tenant) • Argent vs Ekurhuleni reasonableness of readings |
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JUDGEMENTS (SI 18) MSA

Year	Case
2004	Mkontwana vs NMMM CCT57/03
2005	BOE Bank Ltd vs City of Tshwane MM SCA
2006	CoJ vs Kaplan NO SCA
2013	Steve Tshwete LM vs FEDBOND SCA
2013	City Tshwane MM vs Mathabathe SCA
2015	City Tshwane MM vs Mitchell SCA
2016	Jordaan and others v Tshwane and Ekurhuleni Metropolitan Municipalities

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THE CREDIT CONTROLLERS OF A MUNICIPALITY SHOULD BE THE RIGHT JOCKEY'S FOR THE JOB



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THE ROAD AHEAD



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24 KEY POINTS TO REMEMBER

Know the Legislation

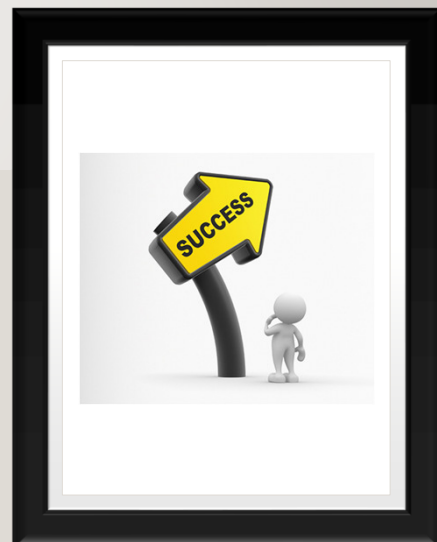
Know the judiciary processes

Ensure Policy review

Know key judgments

Ensure By-Law is updated with CC Policy

Ensure system of delegation in place



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THE BEGINNING

