



**THEME: REVENUE MANAGEMENT IMPROVEMENT PROGRAMME**

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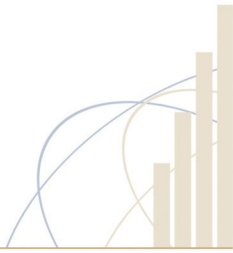
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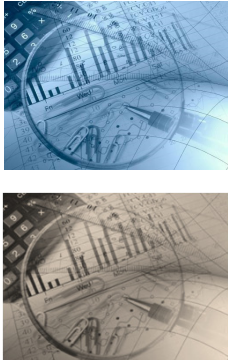
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## Key Legislation and Regulations




- **Constitution of the Republic of South Africa Act 108 of 1996 (Constitution)**
- **Local Government: Municipal Finance Management Act 56 of 2003 (MFMA)**
- **Local Government: Municipal Systems Act 32 of 2000 (Municipal Systems Act - MSA)**
- **Local Government: Municipal Property Rates Amendment Act, 2014 (Rates Act - MPRA)**
- **National Credit Act (NCA)**
- **Consumer Protection Act (CPA)**



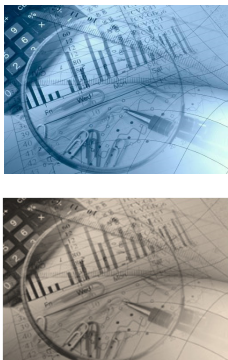
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## Key Legislation and Regulations



- **Local Government: Municipal Systems Act 32 of 2000 (Municipal Systems Act)**
- **Section 95: Customer Care and Management**
- **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 Regulations



### ■ 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:
  - *Categorise indigent based on blanket and target approach*
- Realistic targets consistent with general recognised accounting practices and collection ratios
- The estimates of income set in the budget less an acceptable provision for bad debts.
- Raise interest on arrears, where appropriate
  - *Interest on overdue accounts and non adherence to payment arrangements*

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## Contents of Policy (Key Policy Elements)



- Extensions of time for payment of accounts
  - *Agreed payment arrangements, based on ability to pay.*
- Termination of services or the restriction of the provision of services when payments are in arrears
- Matters relating to unauthorised consumption of services, theft and damages
- Any other matters that may be prescribed by regulation in terms of *section 104.*
  
- *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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## Policy Review Process



- **By – Law Review:**
  - By-law should be drafted at high level
  - Due to the process linked to a by – law review, its not necessary to review annually
  - After the Council Approval, a bylaw goes through a promulgation process



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## Policy Review Process



### ■ Credit Control and Credit Collection Policy:

- Should provide details and must not be in conflict with the By-law
- Must be reviewed and updated annually
- Form part of the budget approval process
- Should start the review process within the first quarter (around September) of each financial year
- This will allow for a process to research
  - policy implications, proposed changes impact on other policies, processes and stakeholders consultation process
  - Consultation process and Political support
- Form part of the budget process public participation
- Approve in May/ June for implementation from 01 July of the new Financial year



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## Policy Review Process



### Factors contributing/resulting to policy reviews and amendments:


- Compliance to relevant legislation
- Detailed Analyses of Court Judgments
- Changes in other related Municipal Policies
- Mitigation of Risks



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## Implementation Process



- Drafting and Review of operational process and procedures.
- Training of staff on policy amendments, implications and new/updated procedures
- Training of Political principles
- Updating of communication documentation and forms
- Active communication to all relevant stakeholders using targeted and accessible communication tools

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# Thank You!



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