Revenue Value Chain : Legislative Overview

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Revenue Master class 2026

End to End Revenue Value Chain

- Constitution → Tariff Policy → Cost of Supply → Tariff Modelling → Public Participation → Approval → Gazetting → Billing → Collection → Sustainability

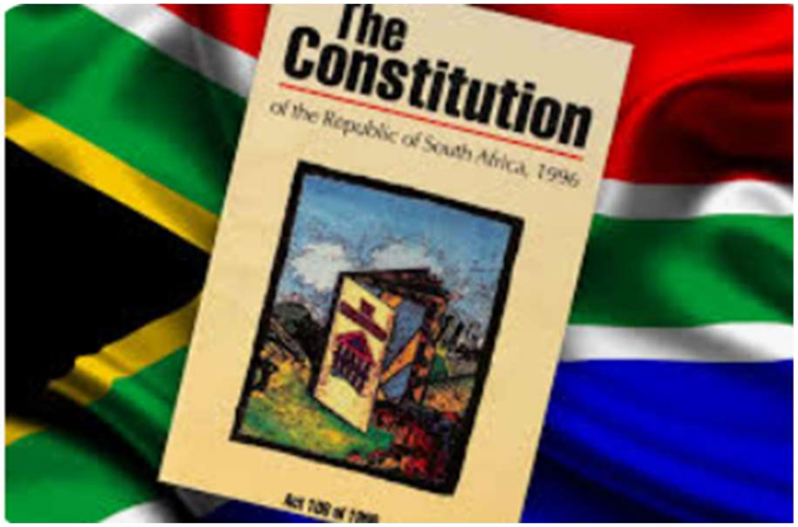
MUNICIPAL SYSTEMS ACT

LEGISLATIVE FRAMEWORK

Rules of the game

Constitutional Foundation

- Sections 151, 152, 153, 156 and 229 provide municipalities with authority to govern local affairs, deliver services and raise revenue.



Constitution Section 229

- A municipality may impose property rates and surcharges on fees for services provided by or on behalf of the municipality.

MSA Section 73

- Municipal services must be equitable, accessible, efficient, financially sustainable and regularly reviewed.

73. General duty.—(1) A municipality must give effect to the provisions of the Constitution and—

(*a*) give priority to the basic needs of the local community;

(*b*) promote the development of the local community; and

(*c*) ensure that all members of the local community have access to at least the minimum level of basic municipal services.

(2) Municipal services must—

(*a*) be equitable and accessible;

(*b*) be provided in a manner that is conducive to—

(i) the prudent, economic, efficient and effective use of available resources; and

(ii) the improvement of standards of quality over time;

(*c*) be financially sustainable;

(*d*) be environmentally sustainable; and

(*e*) be regularly reviewed with a view to upgrading, extension and improvement.

MSA Section 74

- Council must adopt and implement a tariff policy on the levying of fees for municipal services.

Part 1: Service tariffs

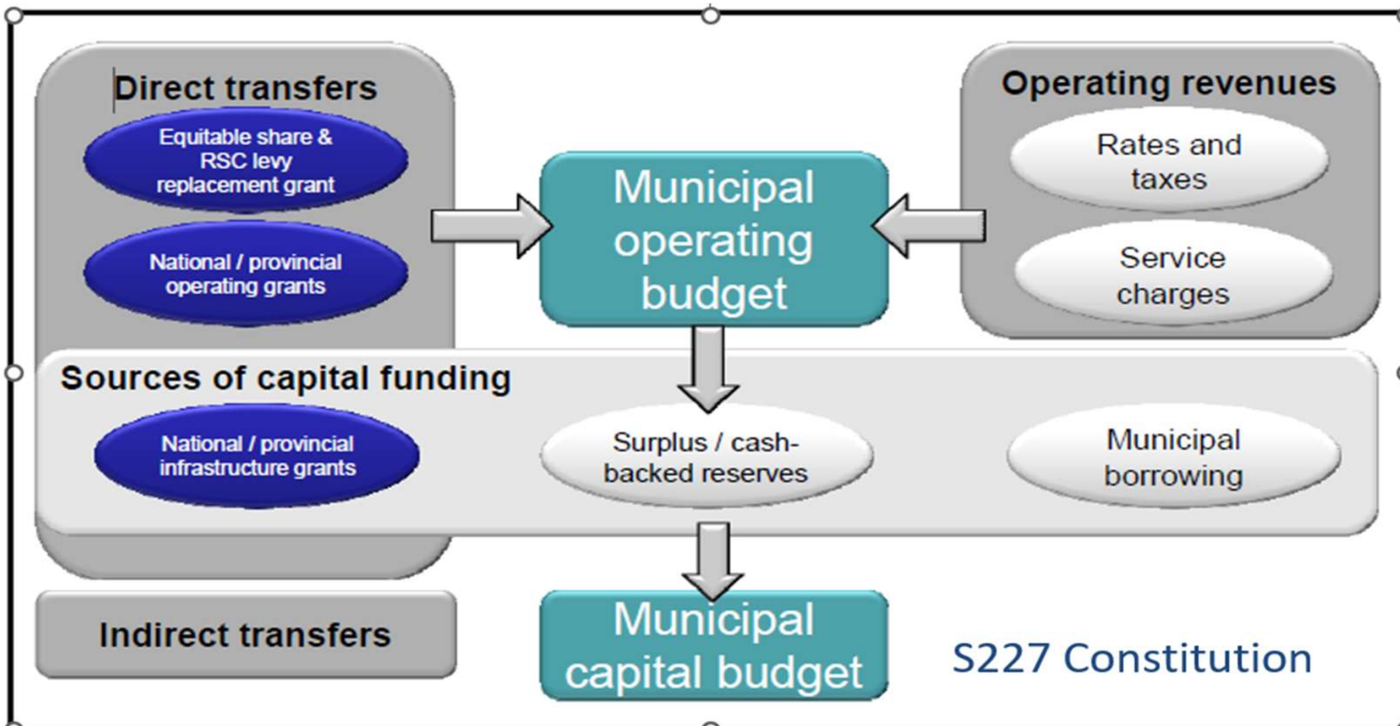
74. Tariff policy.—(1) A municipal council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation.

MSA Section 74(2)

- Tariffs must promote equity, financial sustainability, indigent support, user pays principles and economic development.
- Tariffs should recover operating, maintenance, administration, replacement and financing costs. (cost reflective)
- Consider Life Cycle Costing

MFMA Section 18

- Annual budgets may only be funded from realistically anticipated revenues and cash backed resources.



MFMA Section 21 and 22

- The Mayor must coordinate the annual budget preparation process and timetable.
- Draft budgets and proposed tariffs must be made public for community comment.
- Communities must be encouraged to participate through ward committees, public meetings and written representations.

Tariff Modelling Process

- Cost of Supply → Revenue Requirement → Tariff Modelling → Affordability Assessment → Public Participation → Council Approval

Some Cost of Solid Waste Collection

- Collection Costs
- Disposal and landfill costs
- Support and Admin
- Capital and assets replacement costs
- Environment and regulatory compliance

Council Approval – MFMA Section 24

- Tariff Policy = Principles and Methodology. Tariff Schedule = Actual Annual Charges.
- Council must approve the annual budget before the start of the financial year and budget related Policies .

MUNICIPAL FINANCE MANAGEMENT ACT

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- **17. Contents of annual budgets and supporting documents**

(1) An annual budget of a municipality must be a schedule in the prescribed format-

(a) setting out realistically anticipated revenue for the budget year from each revenue source;

(3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:

(a) Draft resolutions-

(i) approving the budget of the municipality;

(ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year;

And budget related Policies .

MSA Section 13

- A by-law takes effect only after publication in the Provincial Gazette.
- Municipalities may pass by-laws regulating service delivery and revenue collection.
- Council Approval → **Gazette** → Promulgation → System Configuration → Communication → Implementation

MFMA Section 62 and 63

- The Accounting Officer is responsible for the financial administration of the municipality.
- The Accounting Officer must ensure proper maintenance and safeguarding of municipal assets.

Revenue Recovery Framework

- Billing → Collection → Credit Control → Debt Collection → Revenue Recovery → Sustainability

MUNICIPAL SYSTEMS ACT

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CHAPTER 9
CREDIT CONTROL AND DEBT COLLECTION

95. Customer care and management.—In relation to the levying of rates and other taxes by a municipality and the charging of fees for municipal services, a municipality must, within its financial and administrative capacity—

(*a*) establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for these payments and the municipality, and where applicable, a service provider;

(*b*) establish mechanisms for users of services and ratepayers to give feedback to the municipality or other service provider regarding the quality of the services and the performance of the service provider;

(*c*) take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from the service are utilised;

(*d*) where the consumption of services has to be measured, take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems;

(*e*) ensure that persons liable for payments, receive regular and accurate accounts that indicate the basis for calculating the amounts due;

(*f*) provide accessible mechanisms for those persons to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts;

(*g*) provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the municipality;

(*h*) provide mechanisms to monitor the response time and efficiency in complying with paragraph (*g*); and

96. Debt collection responsibility of municipalities.—A municipality—

(*a*) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and

(*b*) 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.

97. Contents of policy.—(1) A credit control and debt collection policy must provide for—

(*a*) credit control procedures and mechanisms;

(*b*) debt collection procedures and mechanisms;

(*c*) provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents;

(*d*) realistic targets consistent with—

(i) general recognised accounting practices and collection ratios, and

(ii) the estimates of income set in the budge it less an acceptable provision for bad debts;

(*e*) interest on arrears, where appropriate;

(*f*) extensions of time for payment of accounts;

(*g*) termination of services or the restriction of the provision of services when payments are in arrears;

(*h*) matters relating to unauthorised consumption of services, theft and damages; and

(*i*) any other matters that may be prescribed by regulation in terms of section 104.

(2) 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.

Sec 62 MSA
Appeal

MUNICIPAL SYSTEMS ACT

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98. By-laws to give effect to policy.—(1) A municipal council must adopt by-laws to give effect to the municipality's credit control and debt collection policy, its implementation and enforcement.

(2) By-laws in terms of subsection (1) 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.

99. Supervisory authority.—A municipality's executive committee or executive mayor or, if a municipality does not have an executive committee or executive mayor, the municipal council itself or a committee appointed by it, as the supervisory authority must—

(*a*) oversee and monitor—

(i) the implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98; and

(ii) the performance of the municipal manager in implementing the policy and any by-laws;

(*b*) when necessary, evaluate or review the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and

(*c*) at such intervals as may be determined by the council report to a meeting of the council, except when the council itself performs the duties mentioned in paragraphs (*a*) and (*b*).

100. Implementing authority.—The municipal manager or service provider must—

(*a*) implement and enforce the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98;

(*b*) in accordance with the credit control and debt collection policy and any such by-laws, establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality; and

(*c*) at such intervals as may be determined by the council report the prescribed particulars to a meeting of the supervisory authority referred to in section 99.

101. Municipality's right of access to premises.—The occupier of premises in a municipality must give an authorised representative of the municipality or of a service provider access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict the provision of any service.

102. Accounts.—(1) A municipality may—

(*a*) consolidate any separate accounts of persons liable for payments to the municipality;

(*b*) credit a payment by such a person against any account of that person; and

(*c*) implement any of the debt collection and credit control measures provided for in this Chapter in relation to any arrears on any of the accounts of such a person.

(2) Subsection (1) does not apply where there is a dispute between the municipality and a person referred to in that subsection concerning any specific amount claimed by the municipality from that person.

103. Agreements with employers.—A municipality may—

(*a*) with the consent of a person liable to the municipality for the payment of rates or other taxes, or fees for municipal services, enter into an agreement with that person's employer to deduct from the salary or wages of that person—

(i) any outstanding amounts due by that person to the municipality; or

(ii) regular monthly amounts as may be agreed; and

(*b*) provide special incentives for—

Code Of Conduct
Deduct. 90 Days

MUNICIPAL SYSTEMS ACT

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115. Service of documents and process.—(1) Any notice or other document that is served on a person in terms of this Act, is regarded as having been served—

(*a*) when it has been delivered to that person personally;

(*b*) when it has been left at that person's place of residence or business in the Republic with a person apparently over the age of sixteen years;

(*c*) when it has been posted by registered or certified mail to that person's last known residential or business address in the Republic and an acknowledgement of the posting thereof from the postal service is obtained;

(*d*) if that person's address in the Republic is unknown, when it has been served on that person's agent or representative in the Republic in the manner provided by paragraphs (*a*), (*b*) or (*c*); or

(*e*) if that person's address and agent or representative in the Republic is unknown, when it has been posted in a conspicuous place on the property or premises, if any, to which it relates.

(2) When any notice or other document must be authorised or served on the owner, occupier or holder of any property or right in any property, it is sufficient if that person is described in the notice or other document as the owner, occupier or holder of the property or right in question, and it is not necessary to name that person.

118. Restraint on transfer of property.—(1) A registrar of deeds may not register the transfer of property except on production to that registrar of deeds of a prescribed certificate—

(*a*) issued by the municipality or municipalities in which that property is situated; and

(*b*) which certifies that all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

(1A) A prescribed certificate issued by a municipality in terms of subsection (1) is valid for a period of 120 days from the date it has been issued.

(2) In the case of the transfer of property by a trustee of an insolvent estate, the provisions of this section are subject to section 89 of the Insolvency Act, 1936 (Act No. 24 of 1936).

(3) An amount due for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.

(4) Subsection (1) does not apply to—

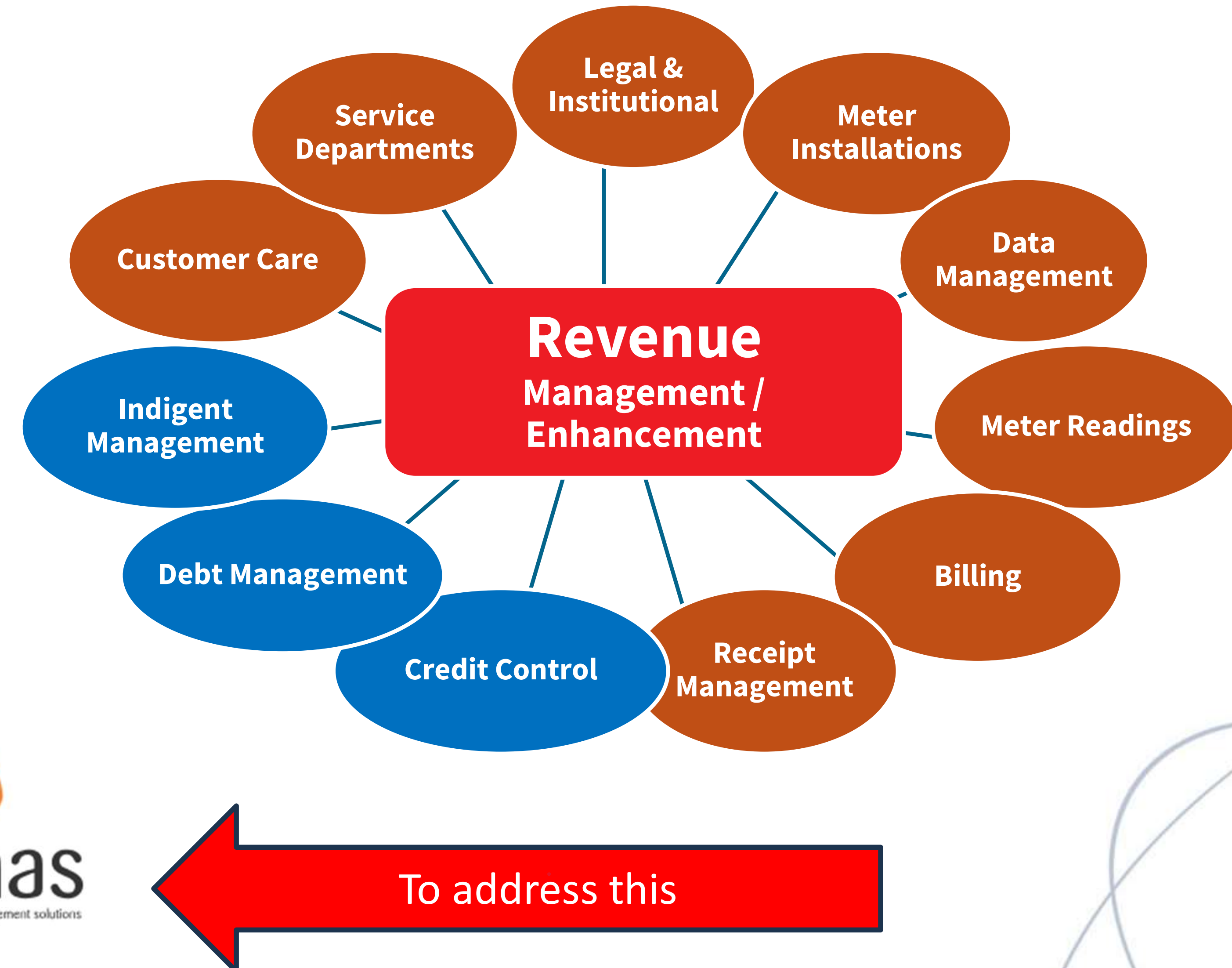
(*a*) a transfer from the national government, a provincial government or a municipality of a residential property which was financed with funds or loans made available by the national government, a provincial government or a municipality; and

(*b*) the vesting of ownership as a result of a conversion of land tenure rights into ownership in terms of Chapter 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991):

Provided that nothing in this subsection precludes the subsequent collection by a municipality of any amounts owed to it in respect of such a property at the time of such transfer or conversion.

(5) Subsection (3) does not apply to any amount referred to in that subsection that became due before a transfer of a residential property or a conversion of land tenure rights into ownership contemplated in subsection (4) took place.

Revenue Value Chain



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Municipal Legislation

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(*c*) take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from the service are utilised;

(*d*) where the consumption of services has to be measured, take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems;

(*e*) ensure that persons liable for payments, receive regular and accurate accounts that indicate the basis for calculating the amounts due;

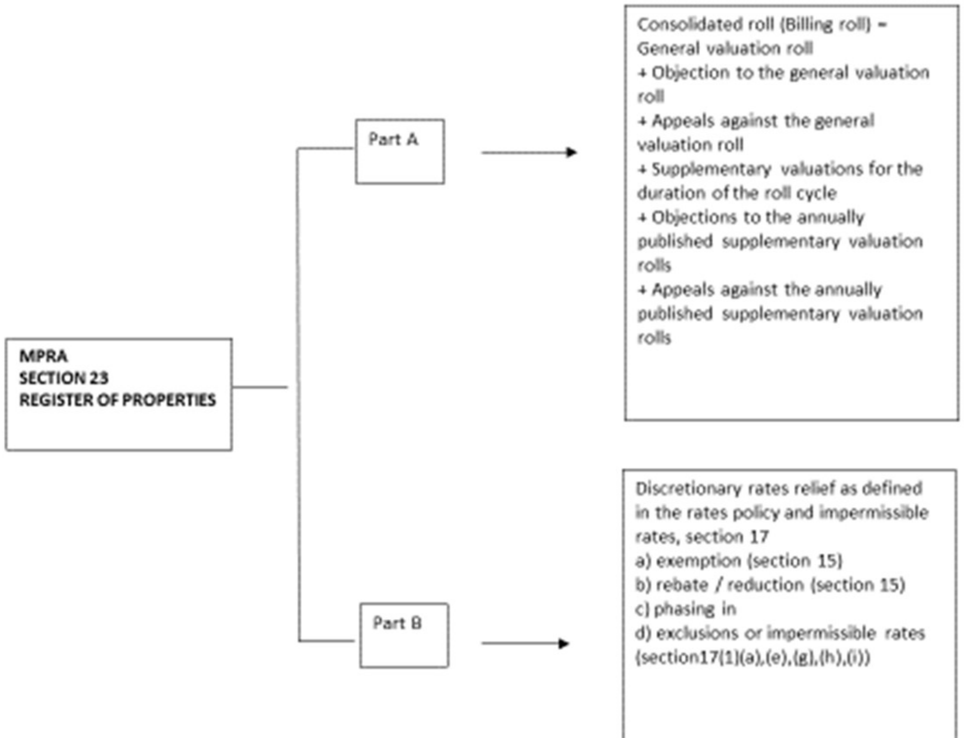
(*f*) provide accessible mechanisms for those persons to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts;

(*g*) provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the municipality;

(*h*) provide mechanisms to monitor the response time and efficiency in complying with paragraph (*g*); and

(*i*) provide accessible pay points and other mechanisms for settling accounts or for making pre-payments for services.

Property Valuation



Source : Authors compilation based on Section 23, MPRA

"No, those are just the closing costs.
The house is an additional $175,000."

Valuation Business Process

Project Establishment → Property Register → Identify/ Define/ Review HA's → Sales Analysis and Review, draft market reports

→ Data Collection → Data Capture → Value Generation → Value Review

→ Finalise Market Reports → Roll Finalization → Roll Publication → Section 49 Notices

→ Objections → Appeals → Updating of Valuation Rolls (review processes)

Credit control and Debt Collection

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Collection convenient Payment platforms

Section 8 Municipal Finance Management Act No. 56 2003

Primary Bank Account

Can have other Investment accounts

Direct @ BANK

Internet Banking

ACB

Pick and Pay

Shoprite checkers

woolworth

Some garages

Lock Down

MUNICIPAL FINANCE MANAGEMENT ACT

- **S62 appeal**

- **Useful Judgements Separate Presentation**

Thank You!

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