

SARPA Convention

A Holistic Approach to Cash Flow and Revenue Enhancement

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Background

- ▶ Major challenge for Munic's is the ever-increasing Debt owed by residents and businesses
- ▶ These debts threaten the very existence of Municipalities
- ▶ Must have:
 - ❖ Credit Control & Debt Collection Policy
 - ❖ Indigent Policy
 - ❖ Customer Care Policy
 - ❖ Debtor management procedures
- ▶ Meter reading generates a substantial % of Munic's income
- ▶ Also a significant customer service focus on readings and readers
- ▶ Munic's image

Municipal Revenue Instruments

► Two Groups

- ❖ Service Charges

- ❖ Taxes

Munic's right to raise Revenue

- ▶ Right to finance it's affairs by charging for services (Sec 4(1) of MSA)
- ▶ The community have the duty to pay promptly (Sec 5(2) of MSA)
- ▶ Any function or service
- ▶ Recover collection charges and interest
- ▶ Factors to take into consideration:
 - ❖ Accuracy
 - ❖ Completeness
 - ❖ Indigents
 - ❖ Affordability
 - ❖ Collectability

Holistic Approach

- ▶ Revenue Enhancement
 - ❖ To identify new sources of Income
 - ❖ To increase your potential Income Budget
- ▶ Revenue Protection
 - ❖ To maximises all revenue streams
 - ❖ Not nessessary to cross-subsidise or increase rates
- ▶ Cash Flow Management
 - ❖ To collect all billed income
- ▶ Stabilize Income Management
 - ❖ Collections
 - ❖ Arrears Collections
 - ❖ Indigents

Phase One: Strategy

- ▶ Asses current processes/prosedures
 - ❖ Budgets
 - ❖ Valuation Roll
 - ❖ Billing Cycle
 - ❖ Meter reading & Estimates
 - ❖ Return to sender accounts
 - ❖ Collection of outstanding monies
 - ❖ Low-Buy/No-buy of Pre-paid metering
 - ❖ Analysis of Debt Book
- ▶ Integrated Community driven Revenue Strategy
- ▶ Compare existing Policies
- ▶ Adjust Policies if necessary

Phase Two: Implementation Plan

- ▶ Align Implementation Plan with Approved Revenue Strategy
 - ❖ Review Policies and By Laws
 - ❖ Analysis of the Debt Book to determine collectability
 - ❖ Customer Data Cleansing
 - ❖ Demographic Analysis
 - ❖ Reconciliation of the Valuation Roll
 - ❖ Stand Data Verification and Meter Audit
 - ❖ Arrears on Businesses and Government accounts
 - ❖ Normalize Equitable Share
 - ❖ Negotiate MIC funds

Phase Three: Implementation of Strategies

- ▶ Approve Strategies
- ▶ Develop phased roll out plan
- ▶ Outcomes & Target Dates to be widely communicated
- ▶ Functions to be performed includes:
 - ❖ Electricity & Water meter normalization
 - ❖ Meter Reading
 - ❖ Indigent Management
 - ❖ Credit Control
 - ❖ Debt Collection
 - ❖ Plan & introduce new metering solutions if economical

Phase Four: Implement new Solutions

► Implementation of any new solutions

- ❖ Introduce any new systems

- ❖ Maximize Billing

- ❖ Collections

- ❖ Arrears Collection

Conclusion

- ▶ Consider all aspects of Income
- ▶ All Income Streams must be treated equally important
- ▶ Holistic Approach is necessary



Questions And Answers

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Thank You.



Your Partner in Revenue Enhancement & Revenue Protection