

# **SARPA** Convention

#### A Holistic Approach to Cash Flow and Revenue Enhancement

Date: 7 August 2015

Your Partner in Revenue Enhancement & Revenue Protection

## 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**



#### Service Charges





# 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



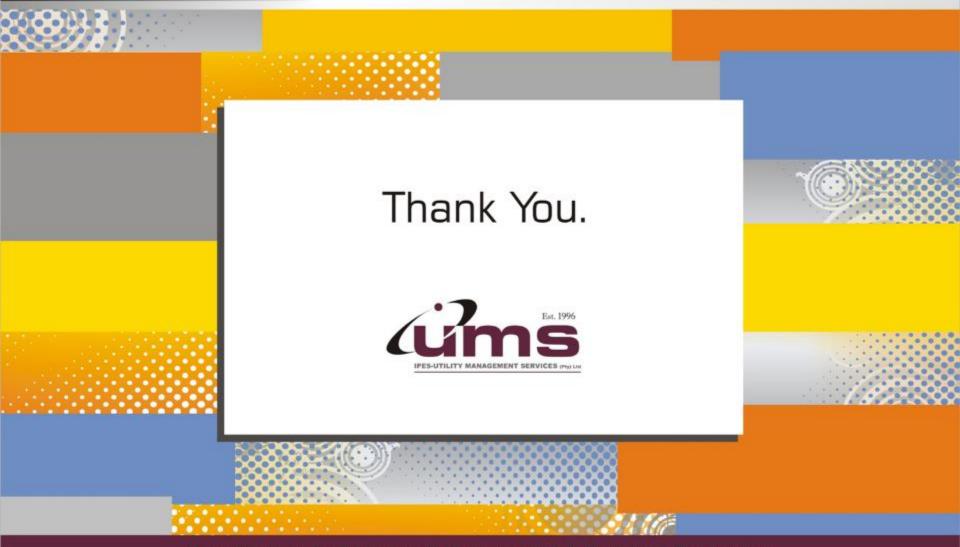
# Questions And Answers



Phone: (012) 665 4509 Fax: (012) 665 1051 Email: services@utility.co.za Web: www.utility.co.za Unit 14 | Cambridge Office Park 5 Bauhinia Street | Highveld Techno Park Centurion | 0169 P O Box 11000 | Centurion | 0046



www.utility.co.za



Your Partner in Revenue Enhancement & Revenue Protection