

# REVENUE MANAGEMENT: CASE STUDY

City of Johannesburg


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Deputy Director

Revenue Management



Revenue and Customer Relations Management Department

- 
- Project Scope And Challenges
  - Opportunities And Challenges In Data Integrity
  - Addressing The Key Role Of Uniform Billing System
  - Role Of Customer Education
  - Looking Ahead

# PROJECT SCOPE AND CHALLENGES

## PROJECT SCOPE

Reduction of debtors book - R 6.2 billion

### MAIN FOCUS AREAS

- Apply Credit Control action on immediate defaulters to limit potential new debt growth
- Apply debt collection strategies on the debt book.
- Reversal of incorrect billing
- Write off of prescribed debt

# PROJECT SCOPE AND CHALLENGES

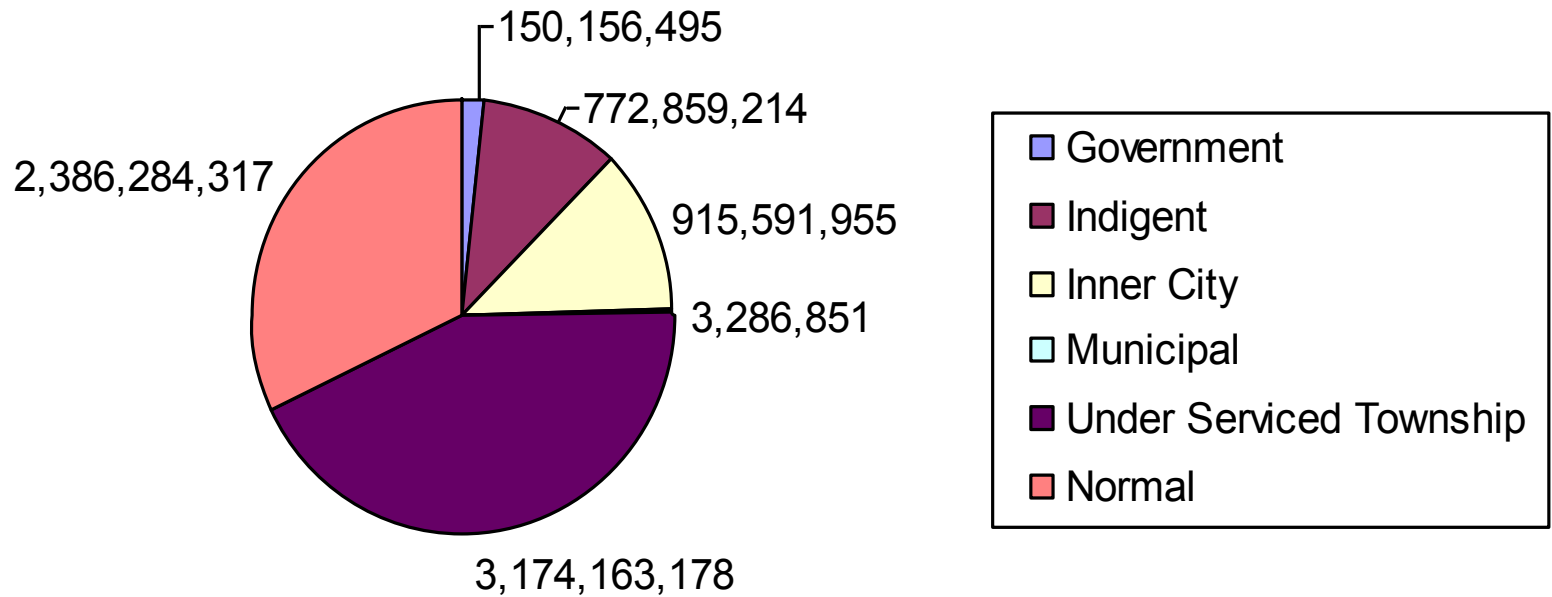
## CHALLENGES

### DEBT COLLECTION

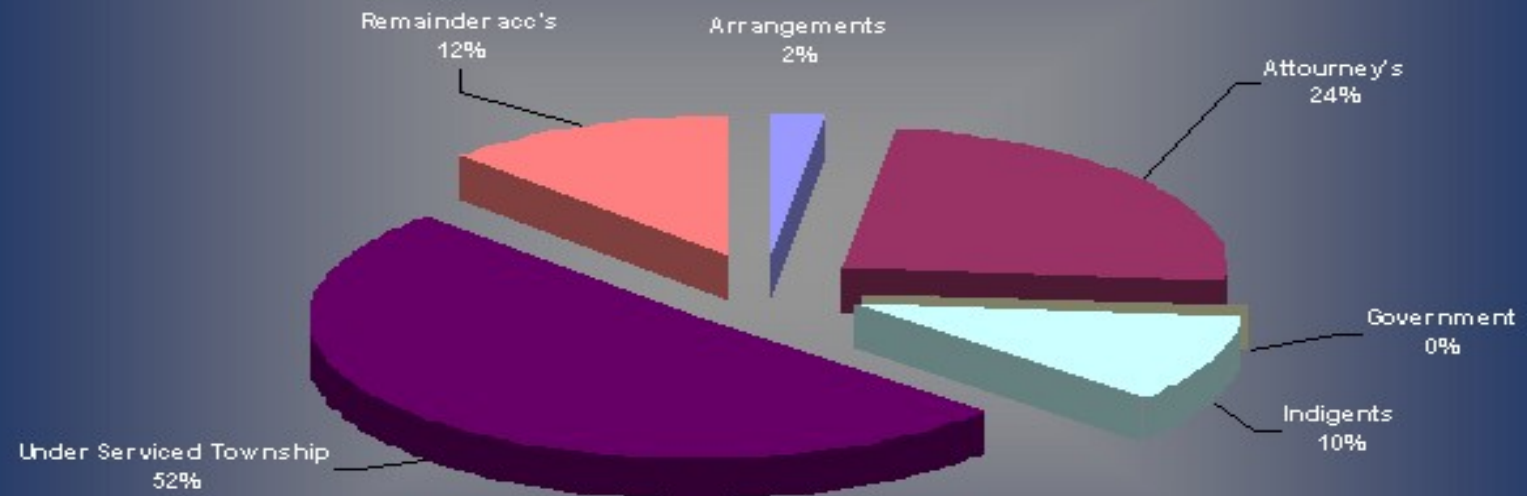
- Segmentation of the debtors book
- Analyzing effective methods of debt collection
- Quantifying losses in Revenue as a result of interim readings
- Identify and prioritize Revenue recovery opportunities
- Levy correct rates
- New approaches
- Low collection
- Queries
- EAP (Economically Active Persons)
- Write off (Prescribed debt / Bad Debt)
- Tracking and tracing of consumers
- Tenants vs Owners accounts

# PROJECT SCOPE AND CHALLENGES

## Segmentation of Debtors Book



Value of Accounts as at 31 March 2008



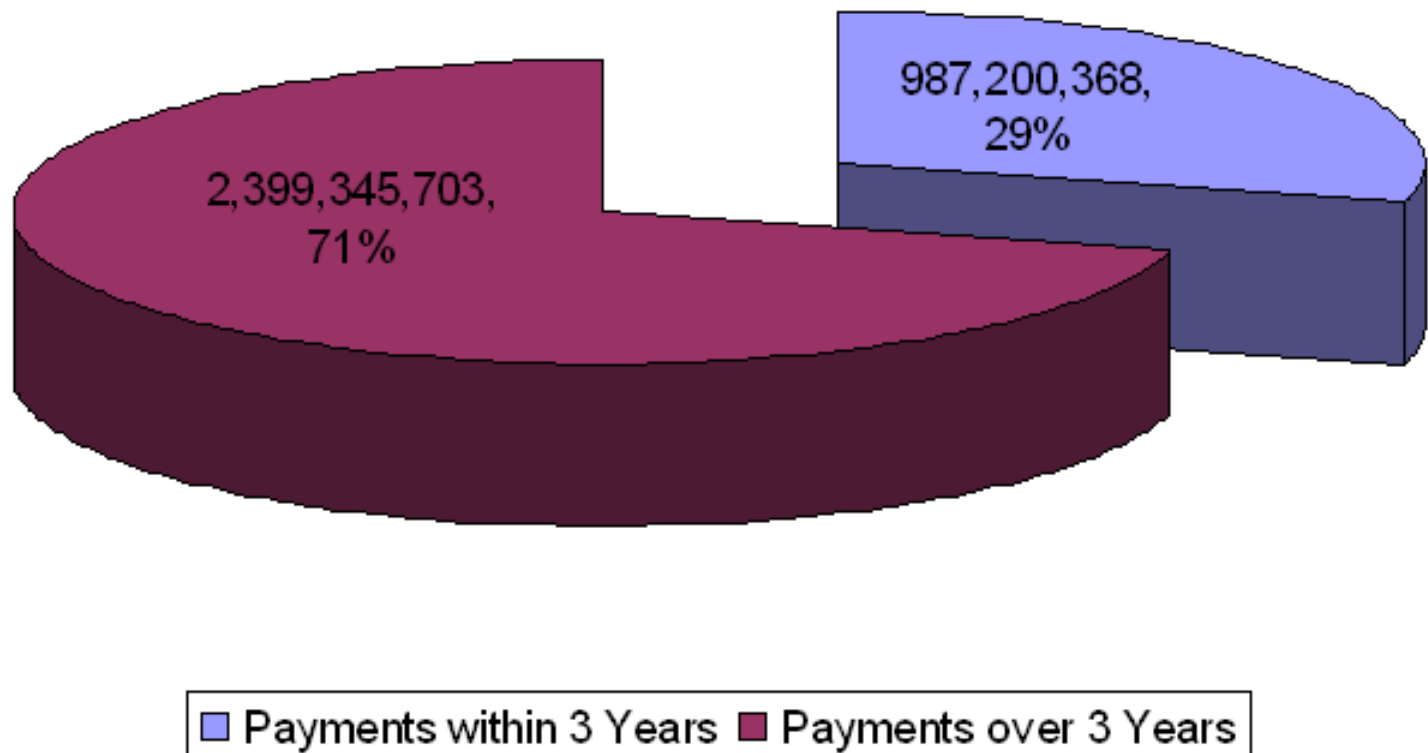
# PROJECT SCOPE AND CHALLENGES

## Debtors book statistics

- Active accounts 871 459 R 7 075 773 444
- Inactive accounts 692 748 R 430 057 030
- Interim Billing
  - Total number of accounts 40 431
  - Total outstanding balance R 1 177 405 885
- Social Packages
  - Indigents 104 218
  - Reathusa 3332
  - Gcin'amanzi project
  - |                               |                |                         |                      |
|-------------------------------|----------------|-------------------------|----------------------|
| <i>Total number of stands</i> | <i>214 130</i> | <i>Installed meters</i> | <i>103 500 (48%)</i> |
|-------------------------------|----------------|-------------------------|----------------------|
- Under Serviced Townships
  - Total number of townships effected 779
- Identified - Prescribed debt
  - Biggest amount is 3 years and older R 2 691 000 000
- Biggest portion of debt = Rates & Taxes

# PROJECT SCOPE AND CHALLENGES

## Payment Profile





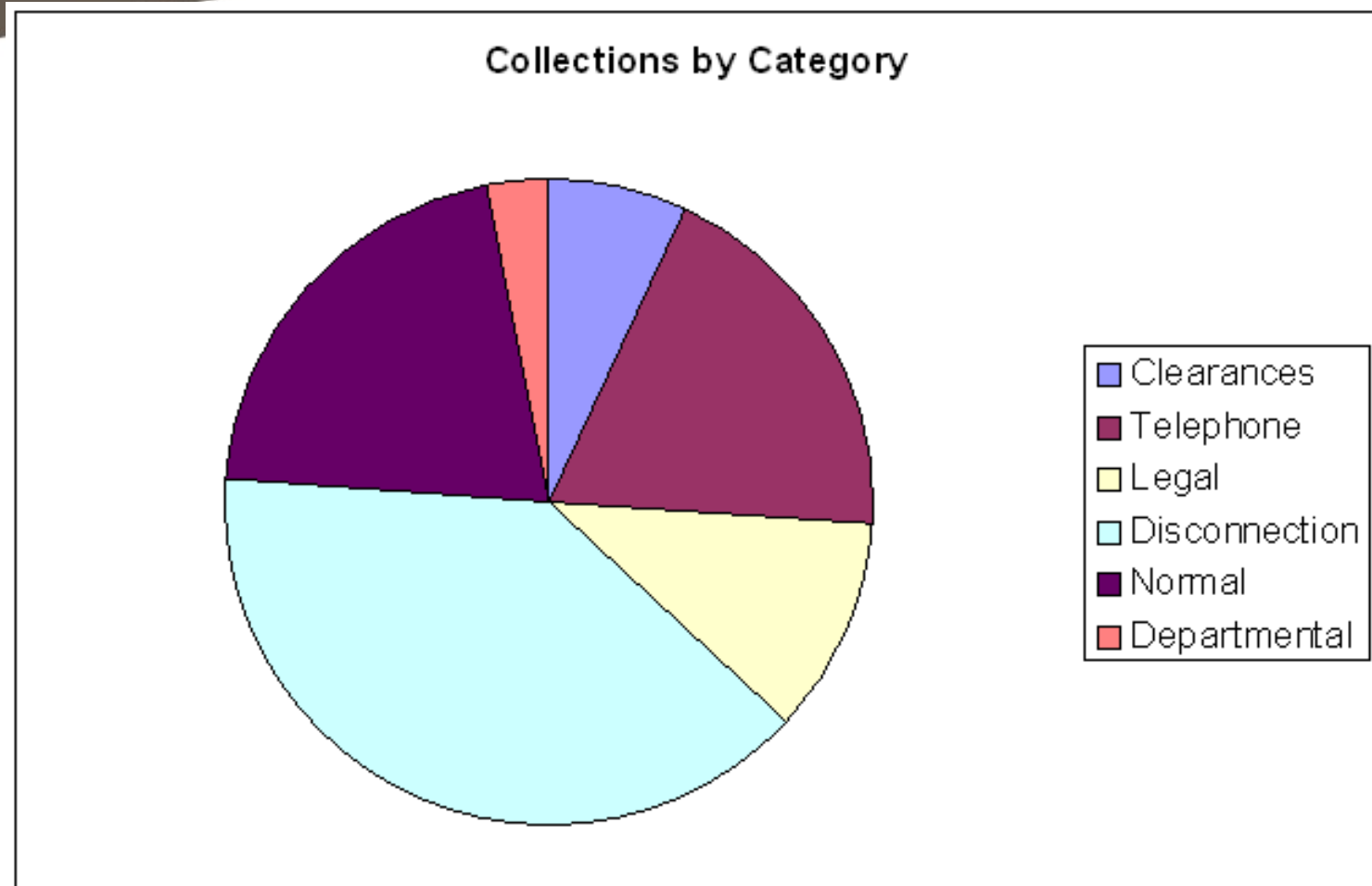
# PROJECT SCOPE AND CHALLENGES

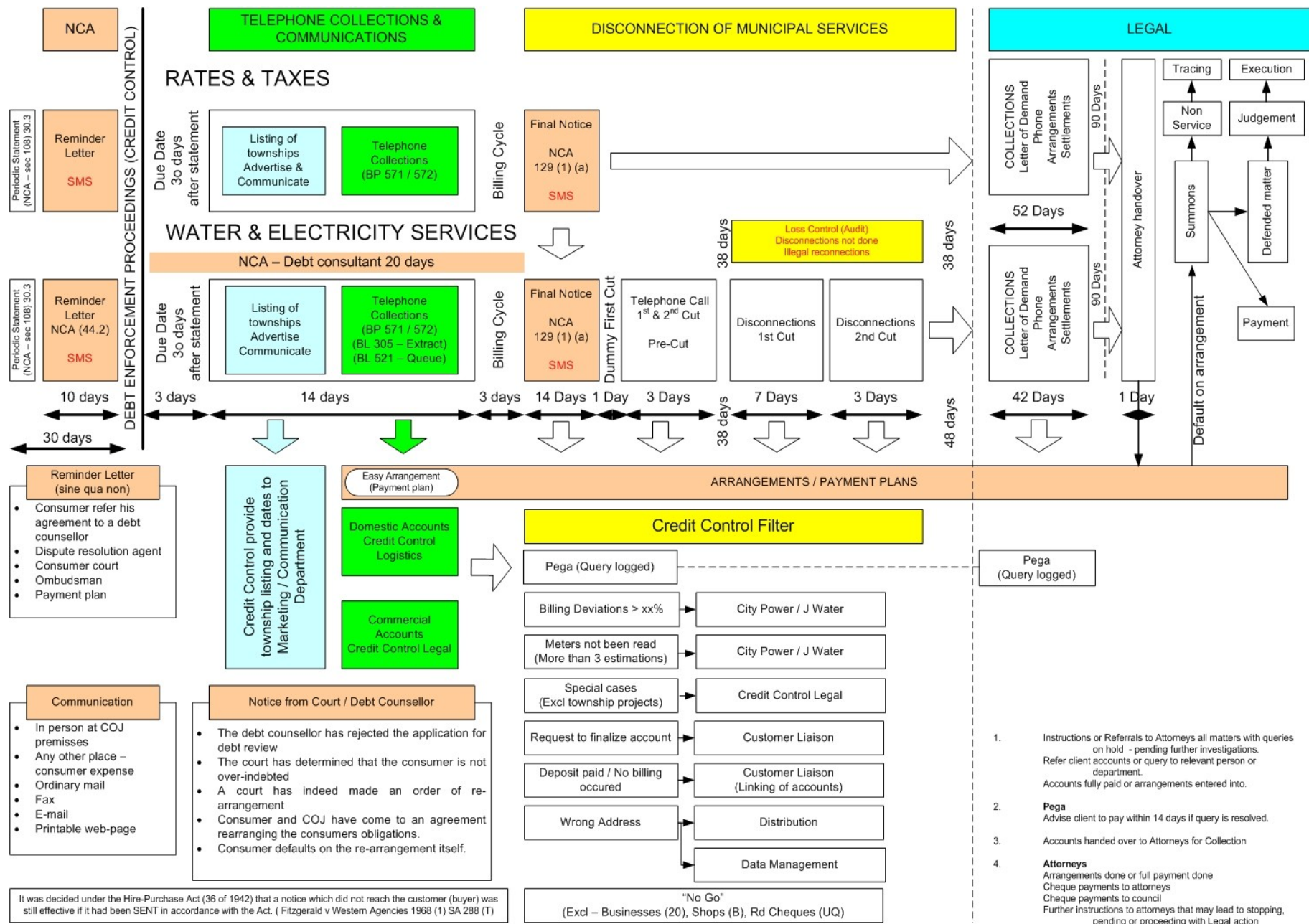
## Methods of Debt Collection

- Outbound Collection (Call centre)
- Termination of Services
- Offering of alternative payment plans
- Offering of social grants
- Collection by Legal action
- Transfer of properties (Clearance certificate)

# PROJECT SCOPE AND CHALLENGES

## Methods of Debt Collection

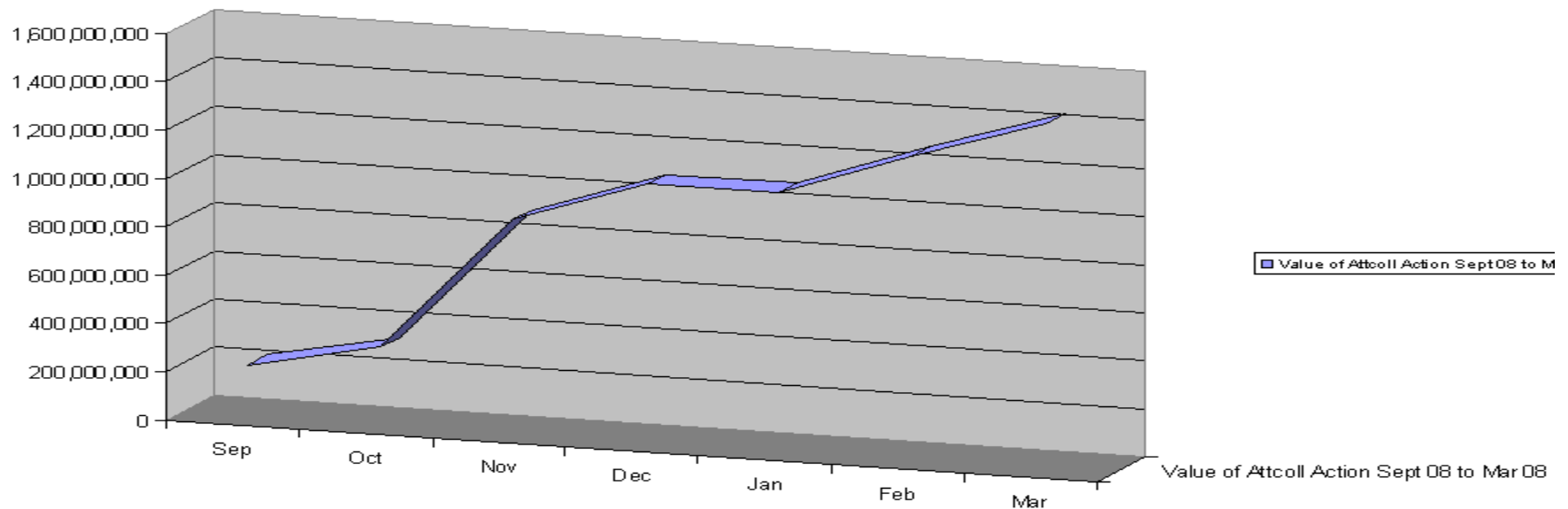




# PROJECT SCOPE AND CHALLENGES

## External Collectors

Value of Attcoll Action Sept 08 to Mar 08



# PROJECT SCOPE AND CHALLENGES

## CHALLENGES

### DEBT COLLECTION

#### Write off

- Prescribed debt
  - Identify all accounts that are dormant
  - Services on all accounts older than 36 month
- Bad Debt
  - All debtors that cannot be traced
  - All legal and other measures have been exhausted, but there is still a balance of the debt remaining
  - Recovery of the debt will be uneconomical
  - Recovery would cause undue hardship to the debtor or his / her dependants
  - It would be an advantage to the municipality to effect a settlement of its claim or *to waive the claim*

# PROJECT SCOPE AND CHALLENGES

## CHALLENGES

### CREDIT CONTROL

- Strategies for managing high risk customers
- Effective and Efficient credit control policies (SLA's / Cut offs)
- AMR (Automated Meter Reading)
- Revenue loss management
- Incentivised schemes (Indigency / Reathusa)
- Prepayment solutions
- Inability to read meters
- NCA (National Credit Act)
- MPRA (Municipal Property Rates Act)

# PROJECT SCOPE AND CHALLENGES

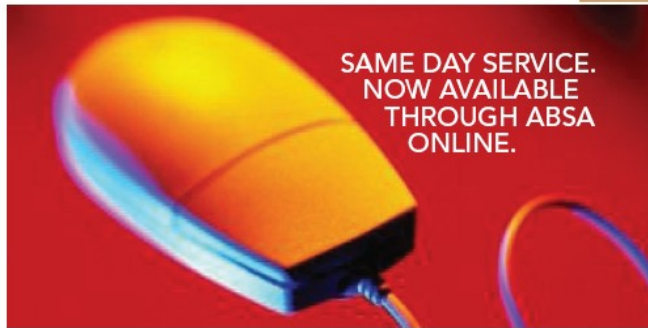


## CHALLENGES

### CREDIT VETTING

- Strategies for managing high risk customers
- Interact with Credit Bureaus
- Increase deposits
- Build Credit Scorecard for the City
- Create credit profiles of the customers.

# Introduce Third Party Payments



The difference between paying your accounts today and in two days' time is the letter of demand you might get in between. That's why we're helping our customers pay their municipal service accounts online.

Let the city work for you



PAYING FOR YOUR MONTHLY SERVICES HAS NEVER BEEN EASIER

Joburg myJoburg



Now you can pay for municipal services at any of the 213 post offices throughout Johannesburg. It's easy and quick. For information, visit the Post Office or call Joburg Connect at (011) 375 5555.

Let the city work for you



PAYING FOR YOUR MONTHLY SERVICES HAS NEVER BEEN EASIER.

Joburg myJoburg

[www.joburg.org.za](http://www.joburg.org.za)

## PAYING YOUR MUNICIPAL ACCOUNT HAS NEVER BEEN EASIER



\* Remember to take along your statement

Let the city work for you

Joburg myJoburg

[www.joburg.org.za](http://www.joburg.org.za)

A friendly message brought to you by  
City of Johannesburg Revenue Department



# OPPORTUNITIES AND CHALLENGES IN DATA INTEGRITY



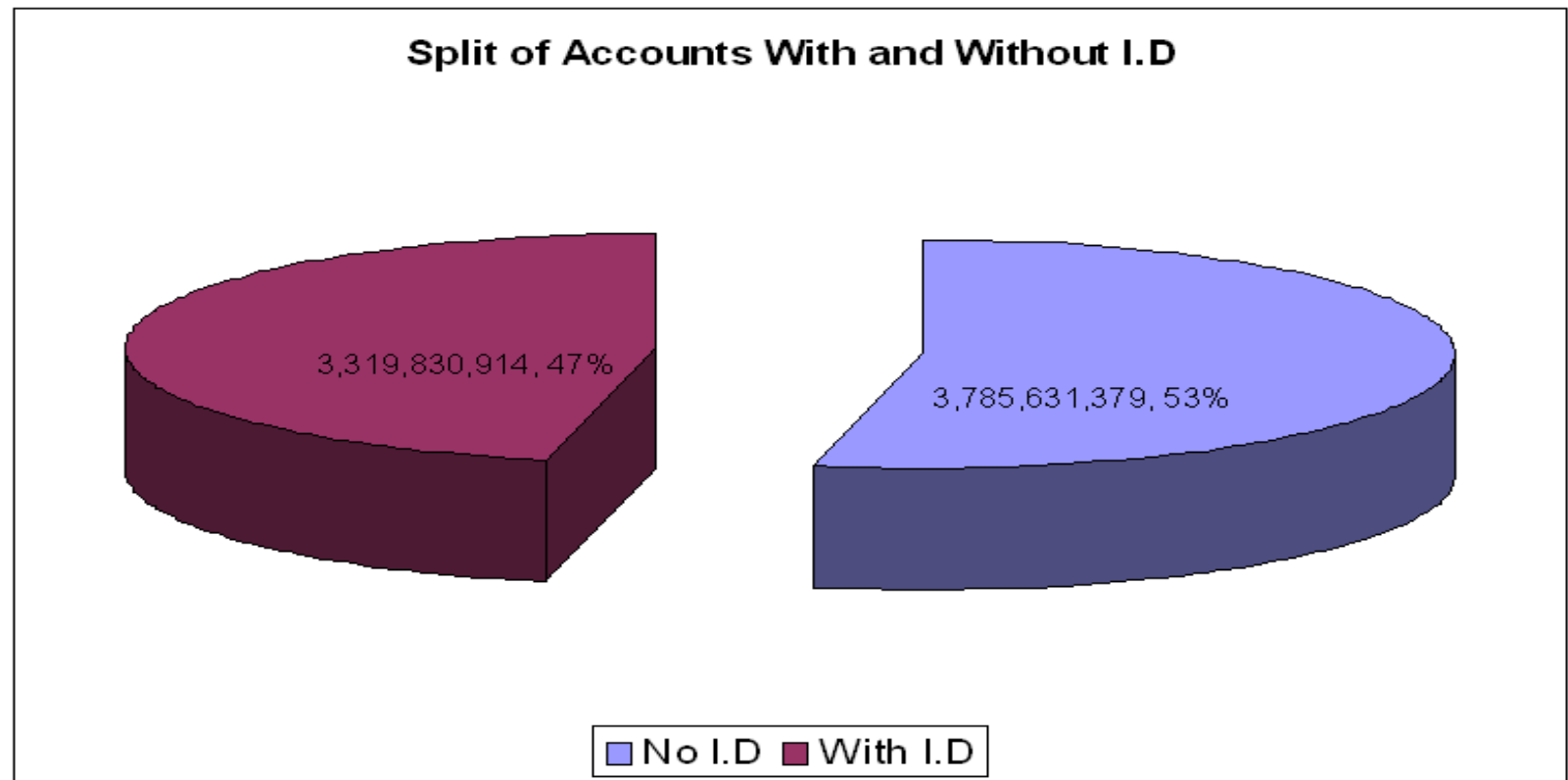
## OPPORTUNITIES

- Availability of technology

## CHALLENGES


- Impact of Identity numbers and addresses
- Returned mail
- Loss of Revenue
- Meter issues
  - Duplication of meters
  - Incorrect meter readings

# OPPORTUNITIES AND CHALLENGES IN DATA INTEGRITY



# OPPORTUNITIES AND CHALLENGES IN DATA INTEGRITY = Update your details campaign





**The City of Johannesburg receives numerous returned statements due to incorrect addresses.**

*Please help us keep in touch by posting us your updated information:*  
The Billing Department, PO Box 5000, Johannesburg, 2000  
or visit your nearest People's Centre.

**All account holders must:**

- sign the request to update their details
- attach a copy of their municipal account and ID
- Where two people are responsible for the account, both account holders must sign the request and attach copies of their IDs.
- In the case of a company, all documents should be accompanied by a letter authorising the request.

**For more information:**  
Visit: [www.joburg.org.za](http://www.joburg.org.za)  
Call: 011 375 55 55  
email: [statements@joburg.org.za](mailto:statements@joburg.org.za)

**Joburg**



**Looking for your municipal account?**

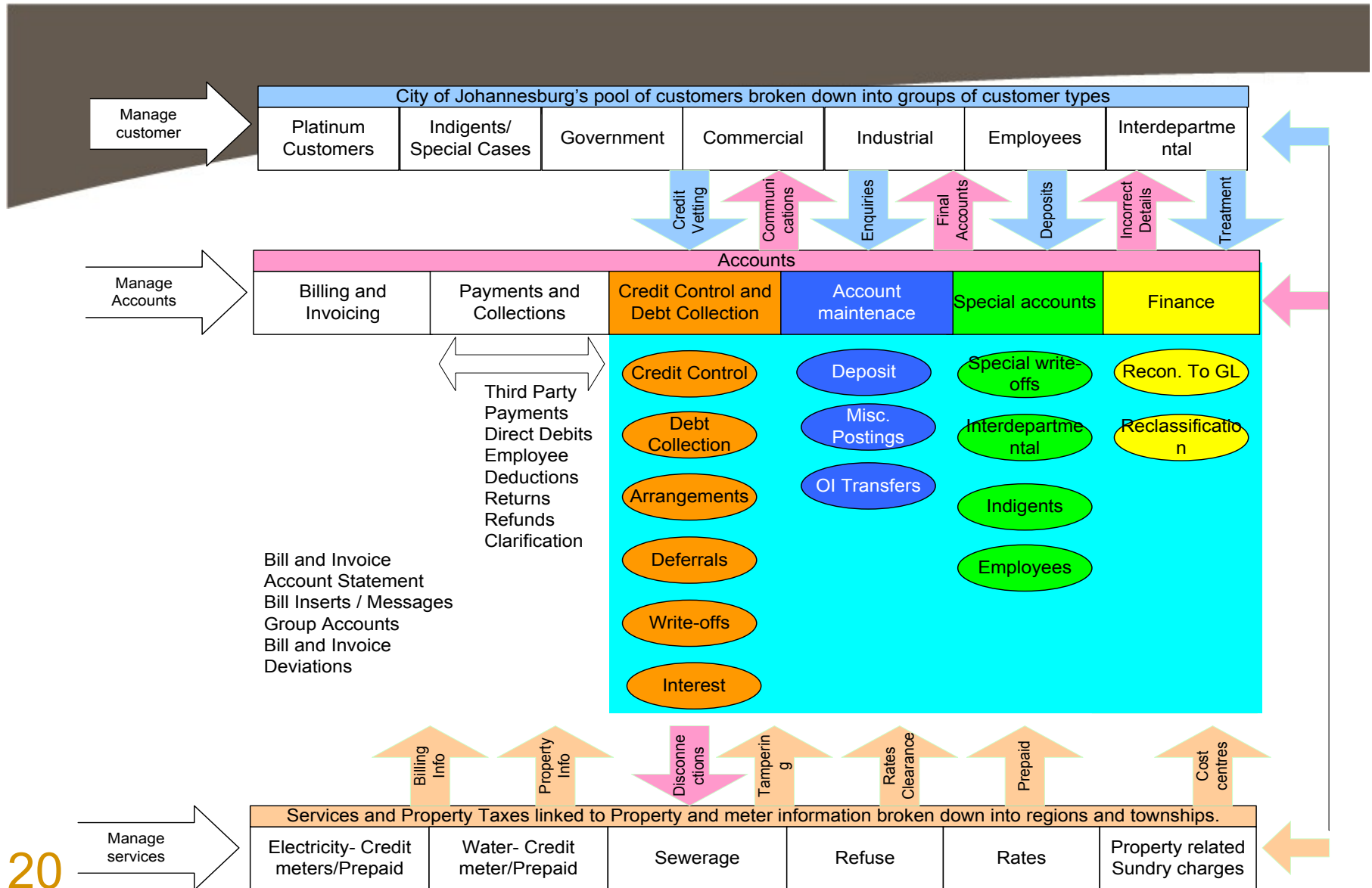
The City of Johannesburg receives numerous returned statements due to incorrect addresses. Update your address and help us keep in touch with you!

**You can update your details**  
by phone: 011 375 55 55  
by fax: 011 381 98 77  
by email: [statements@joburg.org.za](mailto:statements@joburg.org.za)

A message for all 24 hours  
Contact us: 24 hours. 24 hours. 24 hours. 24 hours.  
[www.joburg.org.za](http://www.joburg.org.za)



# ADDRESSING THE KEY ROLE OF UNIFORM BILLING SYSTEM



# ADDRESSING THE KEY ROLE OF UNIFORM BILLING SYSTEM = Phakama Programme

## Residents of Johannesburg

Improved service delivery

Planning

GIS

Valuations

Rates &  
Taxes



South Africa's Premier Home  
of Live Entertainment  
**THE JOHANNESBURG  
CIVIC THEATRE**



ED:F

1. Single revenue management value chain

COO

2. Single customer interface value chain

COO

3. Single IT application to support both

4. New customer  
service &  
revenue  
organisation

Call centres

# ROLE OF CUSTOMER EDUCATION

## Approach



- List and define our audiences
- Audit Perceptions
  - Understand what they think of us and why
  - Determine what we would like them to think of us
- What messages will bridge the perception divide
- What are effective tools to bridge the divide
- How do we measure

# ROLE OF CUSTOMER EDUCATION

- Through the City Buzz
- Roadshows
- Jozinet
- Educate consumers on:
  - Consumers legal obligation to pay accounts
  - Emphasize negative consequences of non payment
  - Create a positive payment culture

# ROLE OF CUSTOMER EDUCATION


## Customer Awareness

### OUR CUSTOMER NEWSLETTER

- In January 2006, the Department launched “City Buzz”, the first ever newsletter to be sent regularly to customers.
- It remains the only tool that directly and specifically targets the City’s revenue customers.
- The purpose for City Buzz is to produce a monthly communication to the City’s publics that will inform, educate and create awareness of the various processes and procedures relating to their municipal accounts.
- The City Buzz is sent to about 625 000 households monthly.
- In addition the newsletter is made available at all customer contact points in the city (mainly Customer Service Centres).




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## Report fraud now!


Reporting fraud is every one's responsibility, because fraudulent behaviour affects us all with increased bills, illegal water and dangerous electrical connections. To combat ingenious electrical connections, to combat allegations of fraud, corruption, theft and other suspected criminal activities, the City of Johannesburg has created the Anti-Fraud Hotline. All reports are treated in the strictest confidence and calls may remain anonymous. The **Anti-Fraud Hotline is: 086 644 5873**. All allegations of fraud and corruption are thoroughly investigated and, where warranted, followed up with the full force of the law.

Fraud includes illegal connections, which is any interference with the water or power network, or the meters, by unauthorised persons. This can include:



**Illegal activity**

- Anybody who has been removed and connected to an illegal power supply;
- Two or more houses connected to one power supply;
- Stealing of city's and pipes;
- Illegally reconnecting a supply;
- Tapping into a power infrastructure that doesn't belong to the household, such as a street light;
- Tampering with meters and reversing the readings, or slowing them down;
- Illegally connecting a cable that has been disconnected due to lack of payment;
- Paying or attempting to pay a City employee for personal gain.




# CITY BUZZ

a multi-media African city


**CUSTOMER NEWSLETTER FOR THE RESIDENTS OF THE CITY OF JOHANNESBURG**

**FEBRUARY / MARCH 2008**



**Water**

- Operating a water system without the consent of the City Council;
- Interfering with or damage to any part of the City's water supply system;
- Disconnecting water meters or breaking the seals on water meters; preventing or restricting payment of water bills;
- Employing or attempting to employ a City employee to carry out work on the municipal water system; and
- Paying or attempting to pay a City employee for personal gain.



These activities are not only illegal and dangerous, but can lead to the prosecution of innocent people and the starting of fines.

**Police & Police**

- Deliberately providing the City with false contact and personal information on failing to change a new account as a new tenant or home owner; and
- Paying or attempting to pay a City employee for personal gain.


If you suspect or are aware of fraud or corruption within the city, call the **Anti-Fraud Hotline on 086 644 5873**.

**Contact us:**  
**011 375 5555**

## It's our Inner City

### Our pledge to Inner City regeneration

In the last few years we have recognised the importance for all to improve and regenerate our inner city area, and to meet with residents, inner city areas, investors, etc. to discuss the best way forward. The result, the draft and the spirit of the Inner City Charter, is a people's plan for the inner city. The Charter sets out the vision and the principles to address the challenges we face as a city. It is a plan for the inner city, and it is a plan for the inner city. It is a plan for the inner city, and it is a plan for the inner city.



## Benefit from Inner City development - Urban Renewal Tax

By improving our residential and commercial buildings within the inner city, we can improve the lives of the people who live and work there. While we can pay part in this improvement, we also need private investors, developers and investors to get involved. To attract more investment, we need to offer incentives to get involved. To attract more investment, we need to offer incentives to get involved. To attract more investment, we need to offer incentives to get involved.

## Refunds to be collected by account holder or transferring attorney

Refunds on municipal accounts can only be collected by the account holder or their transferring attorney; third parties will not be accepted unless they have written proof of full power of attorney. This is necessary due to the high risk of potential fraud.

**Contact us:**  
**Joburg Connect - one number for all billing queries related to the City of Johannesburg**  
**011 375 5555**

- **Read and Connect Hotline**  
**086 644 5873**
- **Emergency Connect** - for life-threatening emergencies only  
**011 375 5811**
- **No proof of payment for reconnections to the City's Network**  
**011 375 5811**
- **Reconnection of building plan applications**  
**011 375 5811**

**Who needs a refund?**

The majority of refunds are due once applications for a refund of refunds have been processed. In order to apply for a refund, the applicant must provide proof of full power of attorney. This is necessary due to the high risk of potential fraud. This is necessary due to the high risk of potential fraud. This is necessary due to the high risk of potential fraud.

It takes a look at the future of Johannesburg's inner city, taking into account current challenges and opportunities to give direction to the vision statement agreed with all stakeholders in 1996/97.

It then divided into six sections that reflect the stakeholders' vision:

1. Urban management, safety and security;
2. Urban capital, arts, culture and heritage;
3. Economic development;
4. Social development;
5. Transportation;
6. Residential development.

Each section highlights the critical issues identified by stakeholders, gives the defined outcomes, and sets out a number of draft proposals to address the issues. The draft proposals are set out in a number of draft proposals to address the issues. The draft proposals are set out in a number of draft proposals to address the issues.

This great deduction is applicable for:

- section, extension or improvement of, or addition to an existing building;
- section, extension, improvement or addition to or part of a building at least 1 000 m<sup>2</sup>;
- or the purchase of such a building or part of a building directly from a developer on or after 1 November 2008, subject to the requirements that:

- the developer has erected, extended, added to or improved the building or part of the building by increasing a floor area of at least 1 000 m<sup>2</sup>;
- the developer has not claimed any 100% allowance in respect of the building or part of the building;
- the developer has incurred expenditure in respect of their improvements equal to at least 20% of the purchase price paid by the first purchaser.

No date, over 100 projects have been completed at a total value of about R1 billion, with over 150 investments in the pipeline for about R2 billion worth of investment. For more information on the Urban Renewal Tax, go to [www.joburg.gov.za/urrt](http://www.joburg.gov.za/urrt). Alternatively, contact: **Lebo Rametse, Program Manager, Inner City & CBD, Economic Development Department, 011 375 5449, lebo@joburg.gov.za**

**Contact details: City Buzz**

Editor, Mandy Jansen/Writer, Research & Customer Relations, Management Department.  
For queries contact us at: 011 375 5555 or 011 375 5811. To get your electronic copy of this and previous issues of City Buzz, log on to [www.joburg.gov.za](http://www.joburg.gov.za)

# ROLE OF CUSTOMER EDUCATION

## Customer Awareness = Statements by e-mail



# ROLE OF CUSTOMER EDUCATION

## Customer Education - Example



**You need to know that** In future all new accounts opened will be charged a deposit equal to the average consumption of two months' services. In the past, there was a flat rate of R540 charged to new accounts. This means some people will be paying more deposit to open their account and some will pay less.

Customers who have had their services cut off or restricted will also have to pay the new deposit applicable to their property (in addition to the reconnection charges) before they will be reconnected. Of course the outstanding amount due must also be settled or arrangements made to settle it.

The average deemed consumption for new accounts will be averaged and automatically regulated after 6 months. Then the City will adjust the deposit and reflect it on the account as either a credit or a debit.

The schedule that determines the deposit is essentially as follows:

NEW DEPOSIT STRUCTURE	
DOMESTIC	
Uniform Deposit Structure	Based on deemed consumption.
Existing Property	Where a previous owner has moved out, previous consumption will be used as a measure and multiplied by 2 months.
New Dwellings	Where the account has no history the township average will be used, multiplied by 2 months. This information is for new houses.
New Township	Where no township average is available, refer to the domestic case. This is mainly for new township developments.
COMMERCIAL	
Uniform Deposit Structure	Based on deemed consumption.
Commercial	Where a previous owner/tenant has moved out, previous consumption will be used as a measure and multiplied by 2 months. Where no previous records are available, the connection fee is used to determine the maximum volume of water delivery to the premises and is multiplied over 2 months.



A copy of the Credit Control and Debt Collection By-law is available on the City's website at [www.joburg.org.za](http://www.joburg.org.za).

For more information please contact the Call Centre on (011) 375 5555 or visit your nearest Regional Office.

Revenue Management Unit  
Marketing and Communications Department  
City of Johannesburg  
2nd Floor Thuso House  
61 Jorissen Street, Braamfontein  
PO Box 5000  
Johannesburg  
2000

[mandyw@joburg.org.za](mailto:mandyw@joburg.org.za)



### Did you know?

The Credit Control and Debt Collection By-law was promulgated in May 2005 and will be implemented from 1<sup>st</sup> February 2006.



### GET YOUR HOUSE IN ORDER

Let the city work for you | [joburg.org.za](http://www.joburg.org.za)

### Did you know?

The City will be implementing the Credit Control and Debt Collection By-law from 1<sup>st</sup> February 2006.

### GET YOUR HOUSE IN ORDER!



Applying for a new account?

Had your water or power cut off or restricted due to non-payment?

**YOU ARE NOW SUBJECT TO CREDIT CHECKS AND THE NEW DEPOSIT SCHEDULE!**

Visit the City's website at [www.joburg.org.za](http://www.joburg.org.za)  
or call Joburg Connect at 375 5555 for more information.

A message from the City's Revenue Department  
- helping you to get your house in order!

Let the city work for you | [joburg.org.za](http://www.joburg.org.za)

# ROLE OF CUSTOMER EDUCATION

## Customer Education - Example

The City invites its account holders who qualify for the subsidy for refuse removal and sanitation, to register.

If you have a low income, are a pensioner, a disabled person, an HIV/AIDS breadwinner receiving a state grant, a child-headed household or unemployed, you may qualify.

Apply at your nearest municipal pay point or People's Centre.

Take your green SA ID book, a copy of your latest municipal account, proof of income (such as a pay slip, pension card, disability grant record or an affidavit from the SA Police stating that you're unemployed). You will be told the status of your application whilst you wait.

For more information call Joburg Connect on (011) 375 5555

**DO YOU QUALIFY FOR THE MUNICIPAL SERVICES SUBSIDY?**



Let the city work for you **Joburg myJoburg**

[www.joburg.org.za](http://www.joburg.org.za)

[illegible][illegible]

For more information on this policy and the Municipal Services subsidy please call:

011 375 5555  
or visit [www.joburg.org.za](http://www.joburg.org.za)

Prepared by RevenueWasting and Communications Unit, 3rd Floor  
Media Centre, 188 Leadenhall Street, Wrenford, Leam. Tel: 011 407.1119



**SPECIAL CASES POLICY**  
Municipal Services Subsidy

**Joburg**



# ROLE OF CUSTOMER EDUCATION

## Customer Education - Example

If you can't afford to make a once-off payment for your arrears on your municipal account, talk to us. Don't wait for letters of demand and for the bill to mount before you make arrangements

To find out how we can help you, call (011) 375 5555

Paying of your monthly services has never been easier. Pay at any Municipal paypoint or any of the three 3rd party partners below:

**FIRST THINGS FIRST  
PAY UP OR PAY IT OFF**

a world class African city We deliver, whatever it takes. A friendly message brought to you by City of Johannesburg Revenue Department

**Meet your payments**

**or meet with us**

If you can't afford to make a once-off payment for your arrears on your municipal account, talk to us. Don't wait for letters of demand and for the bill to mount before you make arrangements.

To find out how we can help you, call (011) 375 5555.

Paying of your monthly services has never been easier.  
Pay at any Customer Service Centre




[www.joburg.org.za](http://www.joburg.org.za)

# ROLE OF CUSTOMER EDUCATION

## Customer Education - Staff accounts



- 
- Reduce credit control queue timelines
  - Credit vetting
  - Prepaid meters for delinquent payers
  - Regeneration of the Inner City
  - Programme Phakama

# Looking Ahead

## Progressive debt write-off programme



Council has previously approved an initiative by Johannesburg Water to progressively write off arrears, in deemed consumption areas, over 36 months and based upon the installation and servicing of prepaid water meters.

The project will be rolled out over a period of 7 years in Soweto, Orange Farm, Ivory Park and Alexandra. As the water supply and infrastructure is upgraded in the respective townships, so are the community members engaged with a view to applying for the installation of a pre-paid water meter whereupon the consumer's water arrears are credited @ 1/36<sup>th</sup> per month provided the pre-paid water meter is serviced via the purchase of coupons.



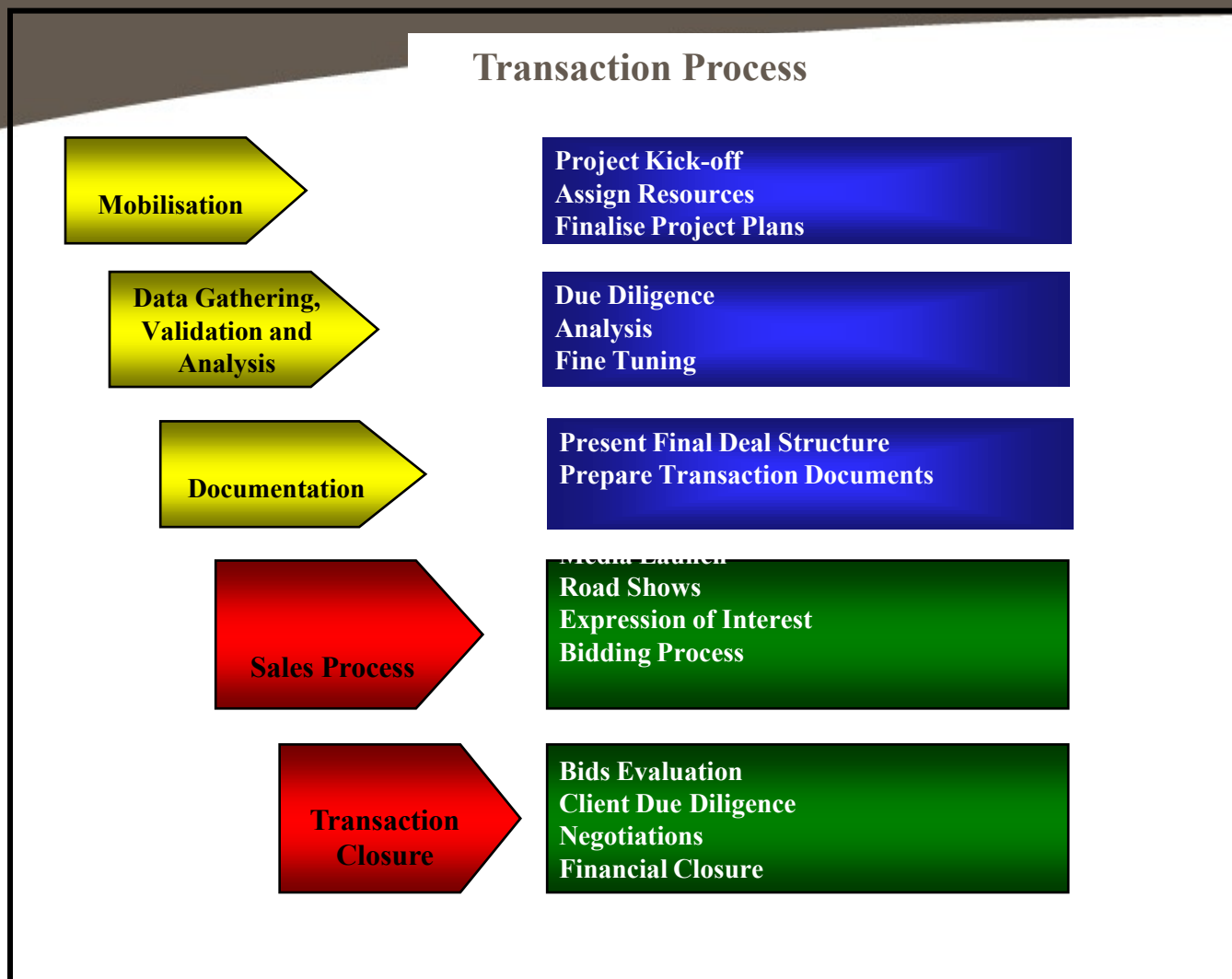
# Looking Ahead

## Sale Of The COJ Debtors Book

- Work undertaken since March 2005
- The following things have been done:
  - Obtaining Senior Counsel opinions
  - Development of a financial structure
  - Write-off of indigent arrears
  - Confirmation by Senior Counsel that proposed financial structure is legally sound
  - Confirmation by CoJ Treasury that financial structure is sound
  - Details of financial structure

# Looking Ahead

## Sale Of The COJ Debtors Book



# QUESTIONS

