



BSU

I N T E R N A T I O N A L

OBJECTIVE OF PRESENTATION

- **PSU experience in relation to Revenue Management**
- **Addressing the issue of data integrity – how far can it tip the balance in revenue enhancement?**

Revenue Base of Municipalities

- AFS and Service Delivery are not at acceptable standards because of range of challenges,
- Basic foundation of any municipality is having every property within it's jurisdiction linked to the financial system and debtor who is liable for payment for services received

Revenue Base of Municipalities

- Does the municipality accurately bill for all services on every property every month?
- Does the bill reach the customer *on time*?
- Does the customer pay on time, or understand the implications of not doing so?
- Can the municipality *effectively collect outstanding debt*?

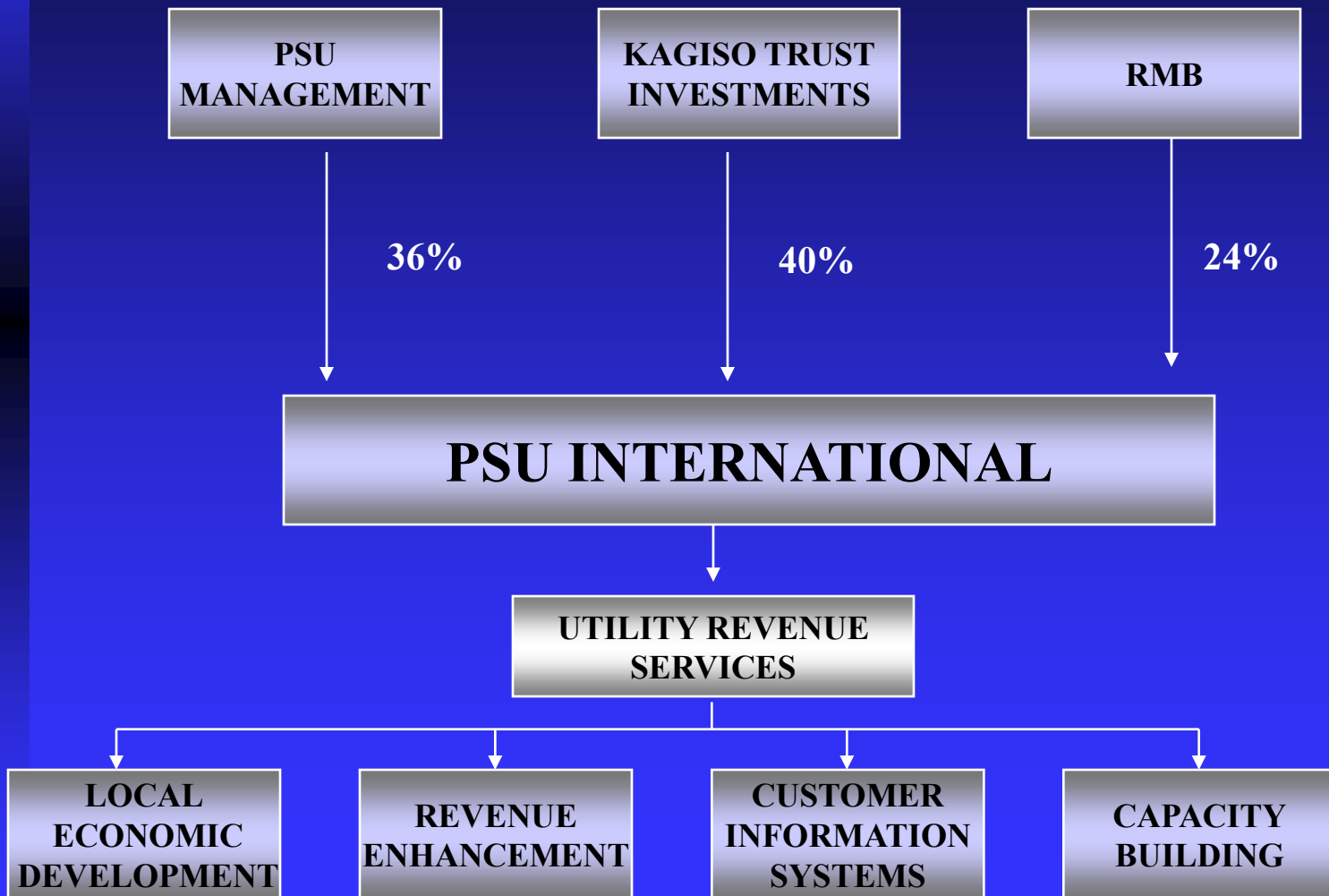
PSU INTERNATIONAL

PUBLIC

SERVICES &

UTILITIES

PSU STRUCTURE



PSU INTERNATIONAL

FOCUS ON ENABLING
FINANCIAL
SUSTAINABILITY
THROUGH ACCURATE AND
MEANINGFUL DATA

PSU PROJECT PROFILE

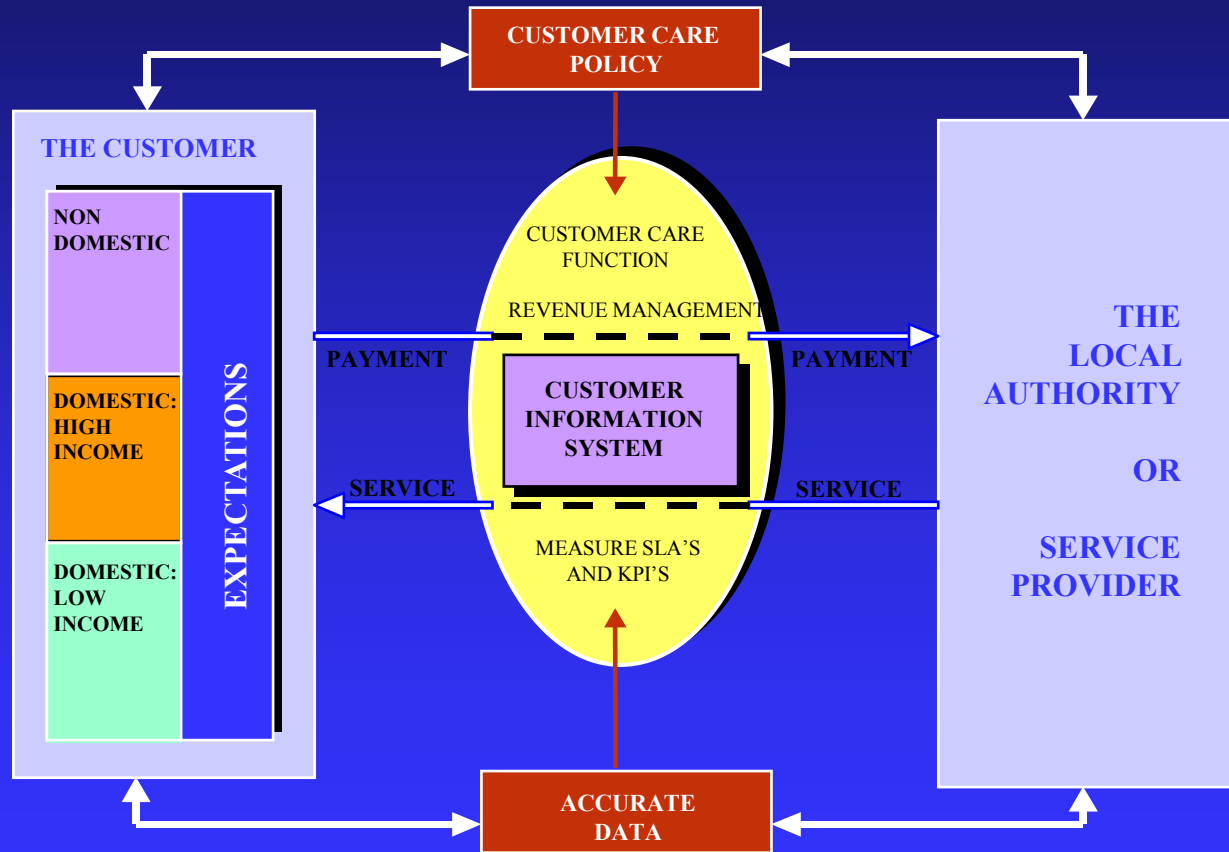
- **dplg DEBT DUE-DILIGENCE PHASE I & 2 (2004-5)**
- **dplg PROJECT CONSOLIDATE (2005-6)**
- **KZN DLG&TA (2005-6)**
- **Gauteng Treasury & DLG (2007)**
- **Limpopo DLG&H (2007)**
- **Various Individual Municipalities**
 - ◆ **Nokeng Tsa Taemane -NPRA**

KEY FINDING FROM EXPERIENCE TO DATE

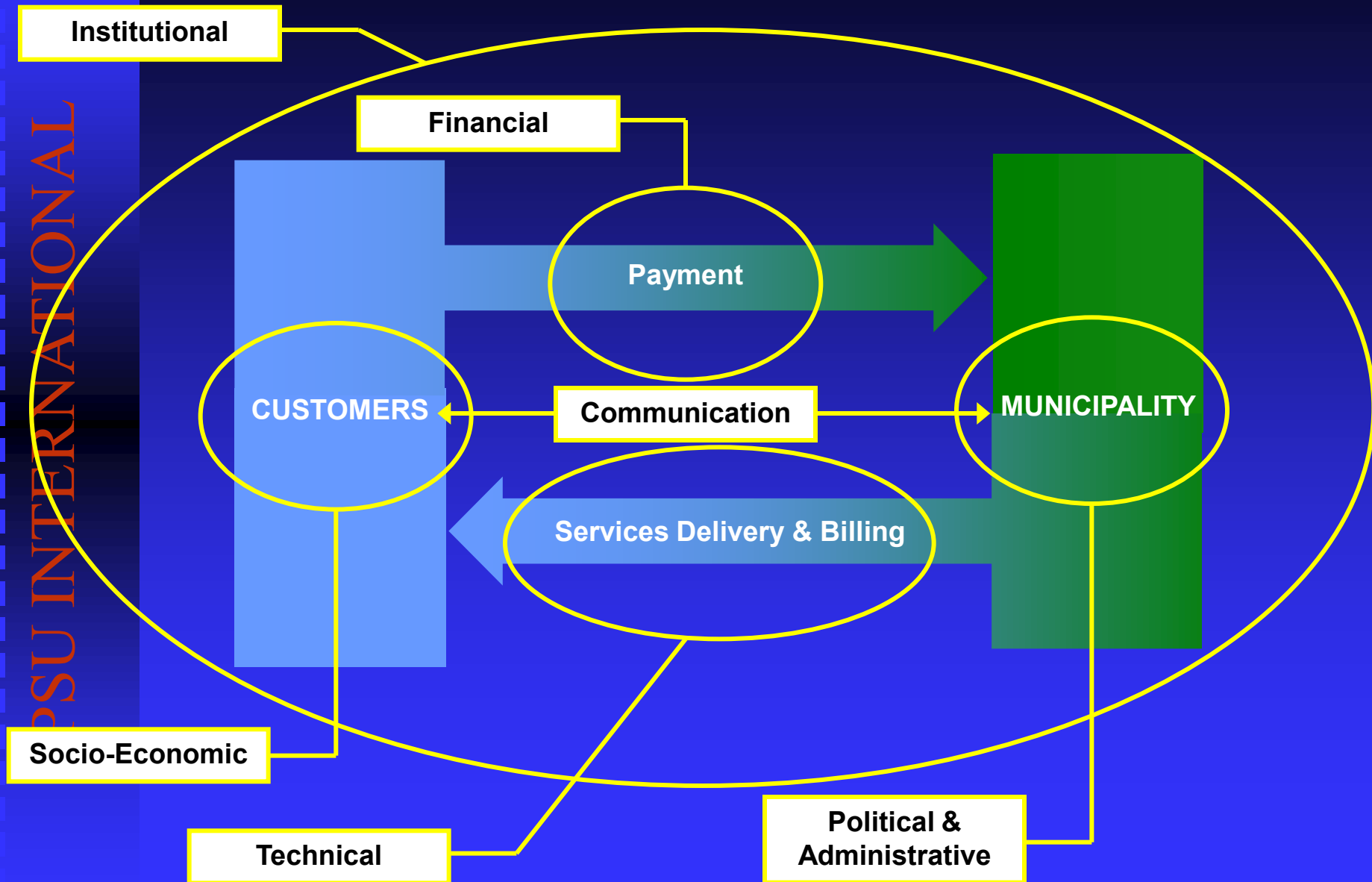
Key finding from Debt Project, Project Consolidate and all work that PSU has been involved in over the last few years:-

Lack of data as well as quality of data or “data integrity” (where the data is on the financial system)

PSU REVENUE MODEL



Revenue Management Model



TRADITIONAL DATA **CLEANSING**

- **FIELD AUDITS**
 - ◆ **RESPONSIBLE DEBTOR**
 - ◆ **SERVICE INFORMATION**
 - ◆ **VISIBLE PROPERTY INFORMATION**
 - ◆ **EVERY PROPERTY VISITED**
- **DEBT INDUCED CLEAN UP**
- **COMPLAINT INDUCED CLEAN UP**
- **R60 TO R100 PER PROPERTY**

ELECTRONIC DATA CLEANSING

- **EXTRACT ALL INFORMATION FROM CURRENT SYSTEM**
- **POPULATE DATA MODEL AND LINK DATA MODEL TO GIS**
- **ELECTRONIC EXCEPTION TESTING AIDED BY EXTERNAL DATA**
- **FIELD AUDITS OF SPECIFIC PROPERTIES FOR SPECIFIC DATA**

Life Cycle of Local Authority Extract

Extract Information

Municipal Data

Billing System
Financial System
IDP
Human Resources
Information Technology
Municipal Services

Matching of
Information



External Data

Surveyor General
Deeds Office
PSU Data
Current LA Spatial Data
Aerial Photography
Satellite Imagery

Import Local
Authority Data

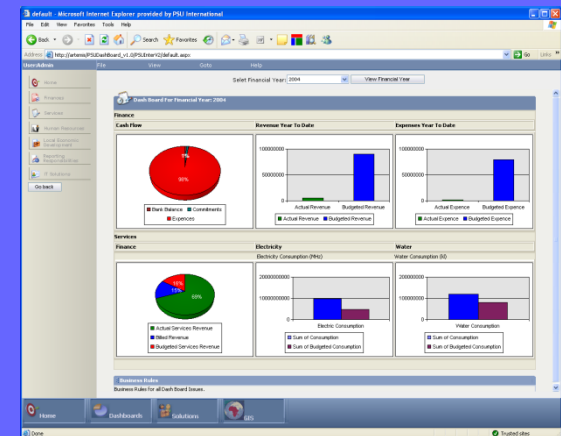
Import Spatial
Information

SQL Server Spatial
Database

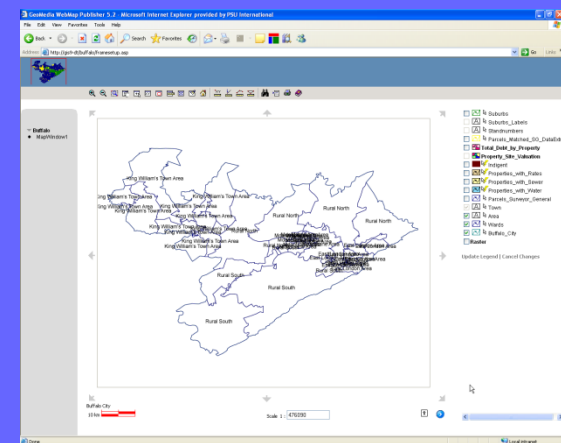
Microsoft Visual
Studio Development
C#

dot. NET Framework –
Business and
Presentation Layer

Executive Information System



GIS System



ELECTRONIC TESTING



WARD INFORMATION





ELECTRONIC DATA **CLEANSING**

- **COST IS GENERALLY 70% LESS THAN TRADITIONAL METHOD**
- **PROCESS IS GENERALLY 50% SHORTER**
- **QUALITY CAN BE ASSURED BY PERFORMANCE MONITORING AND ADDITIONAL COMPARISONS**

MAINTAINING DATA INTEGRITY

- **MONTHLY MONITORING OF ALL ACCOUNTS AS PER DATA CLEANSING**
- **EXCEPTION REPORTING AND MANUAL INTERVENTION**
- **MONTHLY COMPARISONS WITH OTHER DATA BUREAUX TO ESTABLISH CUSTOMER CREDIT RATINGS**
- **CONTINUAL UPDATING OF ECONOMIC PROFILE REGISTER AND WARD PERFORMANCE**
- **PERFORMANCE DASHBOARD**

MAINTAINING DATA INTEGRITY

- **MONTHLY FEE RANGING BETWEEN 30c AND R 1 PER ACCOUNT**
- **5 YEAR COST OF SERVICE IS GENERALLY LESS THEN ONE FIELD AUDIT**
- **DATA REMAINS ACCURATE AT ALL TIMES**

DATA INTEGRITY IS CORNERSTONE OF SUCCESSFULL REVENUE MANAGEMENT

Completeness of data

Accuracy of data

Maintenance of data

Financial Base of Municipalities

- Does the municipality accurately bill for all services on every property every month?
- Does the bill reach the customer *on time*?
- Does the customer pay on time, or understand the implications of not doing so?
- Can the municipality *effectively collect outstanding debt*?

The key to the implementation of effective Revenue Enhancement is to:

- 1. Have access to accurate information**
- 2. Clearly understand the problem**
- 3. Build effective & holistic strategies**
- 4. Effectively monitor performance**

**Accurate information is the
key to effective planning**



Gauteng DLG & Treasury Revenue Protection & Enhancement Program



Debt Reduction

- **Refers to the writing-off of bad/irrecoverable debt**
 - ◆ Emfuleni has made the largest contribution with their R569m indigent debt write-off
- **Refers to reversal of incorrect amounts**
 - ◆ Several municipalities have/are planning to write back interest on government accounts once paid-up
 - ◆ Interest greater than capital charges have been reversed in Lesedi
 - ◆ Incorrect rates charges in Midvaal (EGSC) led to R8m reversal
 - ◆ Rates charges at Ekurhuleni for schools on municipal land sent to DPW for payment need to be reversed
- **Write-off and reversals lead to reduction in debt**

Improved Revenue

■ Refers to the collection of arrears

- ◆ Due to focused credit control by means of communication with consumers, warnings and disconnections
- ◆ Randfontein collected R1m from schools and businesses
- ◆ Mogale collected from industries and some government departments
- ◆ COJ collected rates through billing of arrears on accounts previously not billed for rates
- ◆ In Emfuleni and Ekurhuleni debtor accounts were supplied with IDs which has made the arrears collectible – legal processes can now proceed

■ Improved revenue tends to have a positive impact on future revenue collections

Future Revenue

- **Refers to the collection of revenue from the normal billing process following data corrections**
 - ◆ At COJ, more than a 1,000 accounts were completed by adding postal addresses and the arrears are now collectible
 - ◆ Cleaning of government accounts through matching and account verification will improve regular collections from these accounts
 - ◆ Correcting data such as adding valuations and other services, can lead to improved billing for rates
- **Future revenue also results from resolving customer queries – collecting arrears payments and securing future revenue**

MUNICIPAL PROJECT SUMMARY

Municipality / Metro	Debt Reduction (Rm)	Improved Collection (Rm)	Future Revenue (Rm)	Total
Joburg	32.2	22.1	66.7	121.0
Tshwane	17.9	tbd	1.0	18.9
Ekurhuleni	25.0	6.0	-	31.0
Emfuleni	681.0	tbd	47.5	728.5
Kungwini	9.8	tbd	tbd	9.8
Lesedi	0.7	3.5	tbd	4.2
Midvaal	10.5	tbd	-	10.5
Mogale	16.1	24.0	-	40.1
Nokeng	46.0	6.0	-	52.0
Randfontein	16.2	1.0	tbd	17.2
Westonaria	8.6	tbd	tbd	8.6
Total	864.1	62.6	115.2	1,041bn

KEY ISSUES

- Correctness of data – direct bearing on customer services; using technological solutions (electronic processes) as first approach (COJ, Emfuleni, Ekurhuleni and their IDs, Postal addresses etc.)
- Completeness of data – maximising revenue through billing; also filling data gaps (e.g. missing IDs, missing services) for more efficient debtor management

- **Limpopo Province**
- **REVENUE ENHANCEMENT
STRATEGY DEVELOPMENT**

BLOUBERG

LOCAL MUNICIPALITY

- Reduced debt by R8,4k p.a. by reversing incorrect billing of each stand of R1 per month
- Focus on specific debtors, resulted in collection of R3,9m with R2,1m referred to debt collectors

GREATER LETABA

LOCAL MUNICIPALITY

- **Reduction of Debt by R5m due to correction of data error**
- **Improvement in collections by R108k with focus on specific Debtors**
- **Identified R5,1m Government Debt for collection**

CONTACT

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