City of Johannesburg
Effective Debt Management
Local Government: Revenue Management Improvement Programme
23 June 2021

Contents: Effective debt management

- Revenue Management Value Chain
- Systems and Processes
- Impact of COVID-19 and Mitigations
The Golden Triangle

- Creation of an asset register for all water and electricity devices will be premised on the integration points of the Golden Triangle.
- Integration of customer, property and device master data is the City’s ultimate objective in terms of the approved revenue strategy.
- The quality of billing for City services is reliant on completeness and accuracy of the master data.
- Sound data governance policies must be premised on the triangular relationship depicted on the Golden triangle.
• Alignment to the Land Information System (LIS)
• Consolidated contract accounts into a premise or stand in order to focus credit control management on a stand and/or property rather than only Business Partner (BP) and tariff type.
• Business/Commercial, Government and Parastatal premises are categorised based on annual average billing (to be revised annually).
• Accounts are classified into four distinct segmentations: Platinum, Gold, Silver and Bronze.
• Residential debtors book based on Rates Category per stand, whereby all the accounts belonging to one stand are grouped together and the highest consuming stand influence classification into the four predefined distinct segmentation: Platinum, Gold, Silver and Bronze.

<table>
<thead>
<tr>
<th>Average Billing (per month)</th>
<th>Greater than</th>
<th>Less than</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Platinum</td>
<td>R 100,000</td>
<td></td>
</tr>
<tr>
<td>2) Gold</td>
<td>R 50,001</td>
<td>R 100,000</td>
</tr>
<tr>
<td>3) Silver</td>
<td>R 10,001</td>
<td>R 50,000</td>
</tr>
<tr>
<td>4) Bronze</td>
<td>R 10,000</td>
<td></td>
</tr>
</tbody>
</table>

Business, Government and Parastatal Premises:
- categorised into four distinct segmentations based on annual average billing (to be revised annually)
Debtors Book segmentation - Residential Accounts

Residential Premises:
- categorised into four distinct segmentations based on 2018 General Valuation Roll (GV2018):

<table>
<thead>
<tr>
<th>Property Market Value</th>
<th>Greater than</th>
<th>Less than</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Platinum</td>
<td>R 5,000,001</td>
<td></td>
</tr>
<tr>
<td>2) Gold</td>
<td>R 1,000,001</td>
<td>R 5,000,000</td>
</tr>
<tr>
<td>3) Silver</td>
<td>R 350,001</td>
<td>R 1,000,000</td>
</tr>
<tr>
<td>4) Bronze</td>
<td>R 350,000</td>
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</tbody>
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COVID-19 IMPACT on Debt Management:
2019/20

- As at 31 March 2020, YTD revenue under collection was R735 million
- For the fourth quarter of 2019/20 shortfall in revenue collection was R1,9 billion bringing the annual under-collection to R2,6 billion.
- The above impact of COVID-19 on revenue collection is expected to remain in the short term depending on the speed at which a cure or a vaccine can be found.
1. Debt Rehabilitation Programme:
The Debt Rehabilitation Programme aims to assist defaulting customers to bring their outstanding municipal accounts up to date. Qualifying customers will receive a 50% debt write-off, with a further write-off on the outstanding debt over a three-year period should they comply with all the conditions of the programme.

2. Online payment Arrangement Via EBPP.
Customers will be able to get a payment arrangement done via the online platform.

3. e-clearance platform for property transfers
The inhouse developed e-clearance platform uses a level 4 advanced electronic signature. Safe and secured way to process property transfers. Deeds office has access to verify authenticity.

4. Credit Bureaus integration into legal collection process
We are integrating credit bureaus as part of our specialized attorney collection.

THANK YOU