



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

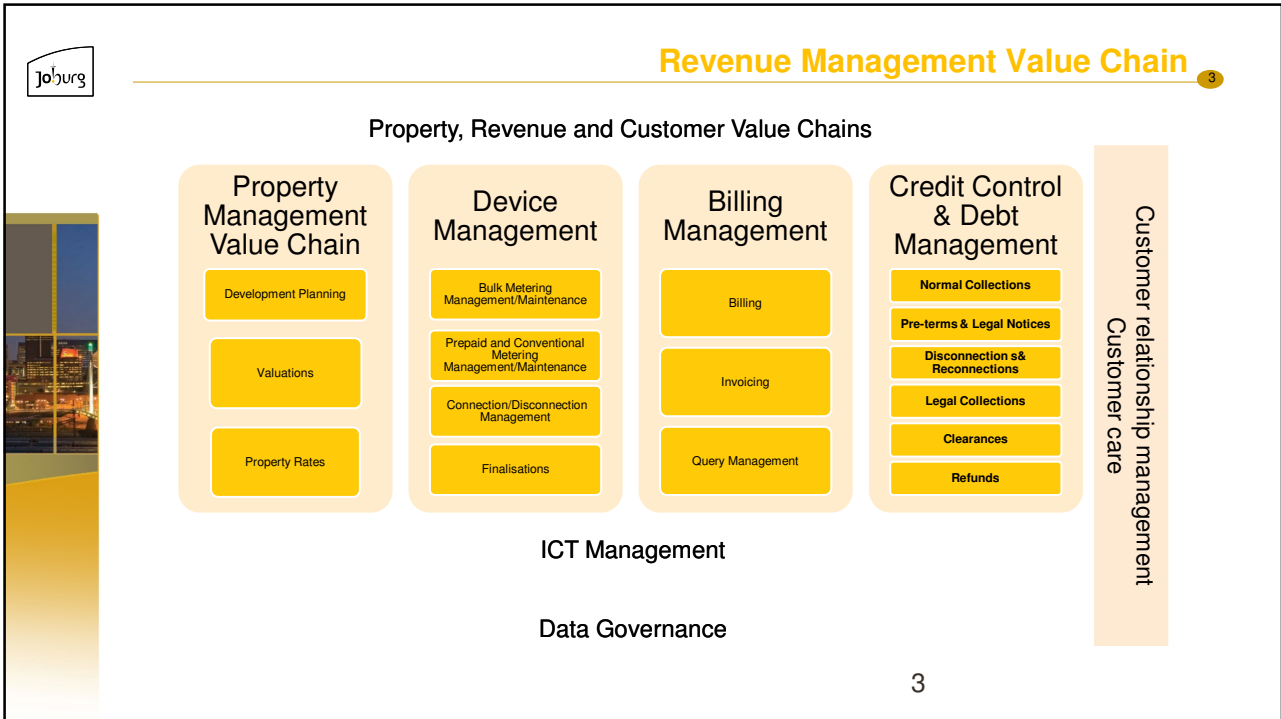
Contents: Effective debt management



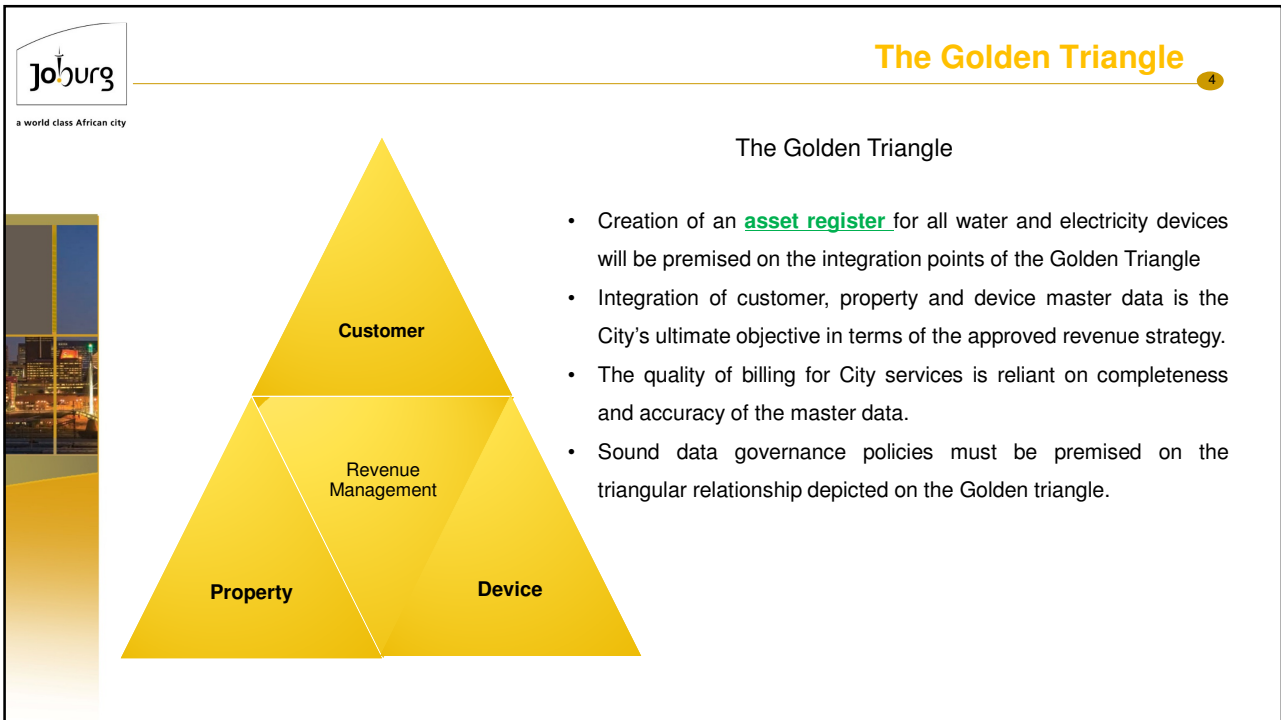
Revenue Management Value Chain

Systems and Processes

Impact of COVID-19 and Mitigations



3



4



Structure of the debtors book

- 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.**

5

5



Debtors Book segmentation-Business and Commercial Accounts

Business, Government and Parastatal Premises :

- categorised into four distinct segmentations based on annual average billing (to be revised annually)



Average Billing (per month)	Greater than	Less than
1) Platinum	R 100,000	
2) Gold	R 50,001	R 100,000
3) Silver	R 10,001	R 50,000
4) Bronze		R 10,000

6

6



Debtors Book segmentation-Residential Accounts

Residential Premises:

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

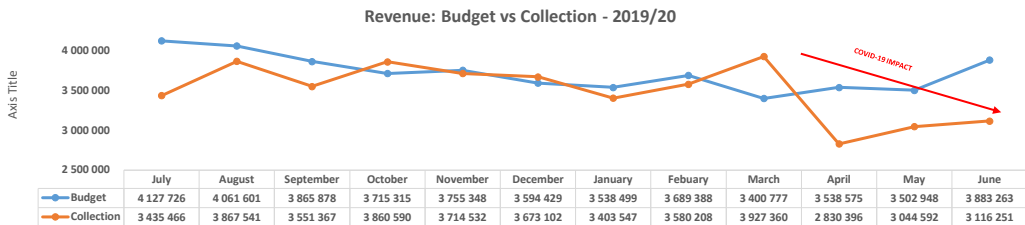


Property Market Value	Greater than	Less than
1) Platinum	R 5,000,001	
2) Gold	R 1,000,001	R 5,000,000
3) Silver	R 350,001	R 1,000,000
4) Bronze		R 350,000



COVID-19 IMPACT on Debt Management: 2019/20

	July	August	September	October	November	December	January	February	March	April	May	June	YTD
Budget	R 4,127,726	R 4,061,601	R 3,865,878	R 3,715,315	R 3,755,348	R 3,594,429	R 3,538,499	R 3,689,388	R 3,400,777	R 3,538,575	R 3,502,948	R 3,883,263	R 44,673,747
Collection	R 3,435,466	R 3,867,541	R 3,551,367	R 3,860,590	R 3,714,532	R 3,673,102	R 3,403,547	R 3,580,208	R 3,927,360	R 2,830,396	R 3,044,592	R 3,116,251	R 42,004,952
Variance	R -692,260	R -194,060	R -314,511	R 145,275	R -40,816	R 78,673	R -134,952	R -109,180	R 526,583	R -708,179	R -458,356	R -747,012	R -2,648,795



- 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.



Debt Management Interventions.

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

9

9



THANK YOU

10