



**Revenue Management strategies and initiatives, including the importance of data cleansing to assist with debt collections and debt reduction**

**Trevor Blake – Director Revenue – 6 July 2022**



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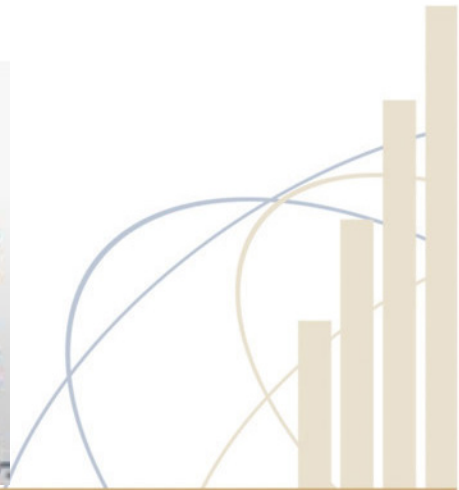
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# Revenue management strategies and initiatives

❑ Revenue management/debt collection starts with:

1. Political will / Political support
2. Regular and ongoing communications with the ratepayers/citizens
3. Efficient and effective service delivery
4. Well documented end to end business processes
5. Clean data
6. Updated policies and By-Laws in compliance with the legislation/laws to withstand legal challenges



# Revenue management strategies and initiatives

7. Timeous and accurate billings
8. Competent and well trained staff
9. Automate and implement online services
10. Theme:



Revenue  
Induction

- ❖ “what do we do with citizens who can pay but won’t” (debt Man/legal actions
- ❖ “what do we do with citizens who want to pay, but cannot” (provide indigent & rates rebates benefits and affordable arrangements”



Disconnect,  
PPE, Adverse  
Credit listing,  
Handover



Pensioners  
rebates/Indigent  
relief



# General Strategies for Revenue Management

- ❑ Profile Debtors Book
- ❑ Upfront Credit Control before providing services
- ❑ Do not do business or provide services to anyone who owes the municipality money
- ❑ Staff and Councillor arrears – Salary / bonus/back-pay, etc deductions
- ❑ SCM: Tenders are not considered / awarded to service providers who owe the municipality money
- ❑ Payment to suppliers are withheld from those who owe the municipality money
- ❑ Building plans not to be approved for individuals and organisations that owe the municipality money (currently looking at this option)
- ❑ Business Licences are not granted to those who owe the municipality money





- ❑ Update Credit Control and Debt Collection policy annually (with the budget process).
- ❑ Hold owner liable for all debts to a property.
- ❑ Only put accounts into the name of owners, not tenants (except in the case of a City of Cape Town property i.e. leases or rentals).
- ❑ Identify and write-off irrecoverable debt (delegate correctly).

**Debt  
Remission –  
Payment  
Culture**

- ❑ Water leaks project - Fix residential (indigents) water leaks and install water management devices (WMD) /water flow restrictors or pre-paid water meters (all free of charge).
- ❑ Install prepaid Electricity meters and WMDs / water flow restrictors for regular defaulters.

**Control utility  
consumptions**



## ❑ Profiling of Debtors

- ITC
- DSTV (payment towards arrears cannot be less than DSTV monthly premium).
- e-NATIS (check what vehicles are owned and by when for payment arrangement ?)
- Check what is on 3 months bank statements (high expenses e.g.: restaurants, withdrawals at ATMs etc.

## ❑ Reduce the risk of theft and fraud by having regular compliance inspections at the various cash points.

## ❑ Keeping abreast with technology

- Implemented projects with City's Data Scientist team
- Appointing of Data Analysts



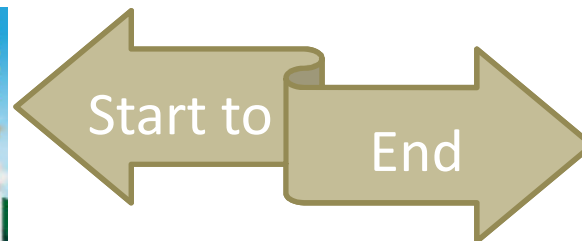
Analyse Data

Debt  
collection  
focus areas

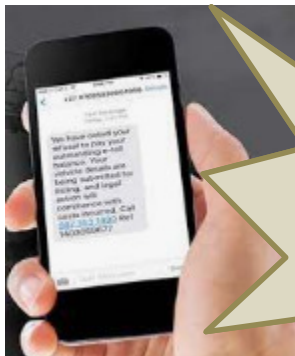
# Automation and Online Processes

**Implemented the following automated and online processes at City of Cape Town:**

- ❑ Timeous /accurate billings – **send 1m accounts each month** (20 billing portions) @R3.3bn
- ❑ Implemented the Revenue Clearance Automated Process (RCAP) comprising the following
  - Online Revenue clearance payment schedule
  - Applying online for Revenue Clearance Certificates (RCCs) which is also commonly known Rates Clearance certificates)
  - Automated the Move-in and Move-out (**AMIMO**) (buyer moved in/seller moved out and new account generated online for buyer)
  - Automated the Finalised Accounts of sellers
  - Automated the refund process ( refund back to Conveyancer)



- ❑ Automated the debt management actions/processes
- ❑ Automated the Legal actions / handed over cases with workflows / messaging to and from attorneys
- ❑ Collection of other municipal arrears via the Pre-paid electricity meter purchases (% deductions based on property valuations)
- ❑ Automated that municipal accounts/invoices are sent via e-services and e-billing
- ❑ SMSes are sent for balances on accounts/arrears/debt management actions to be taken

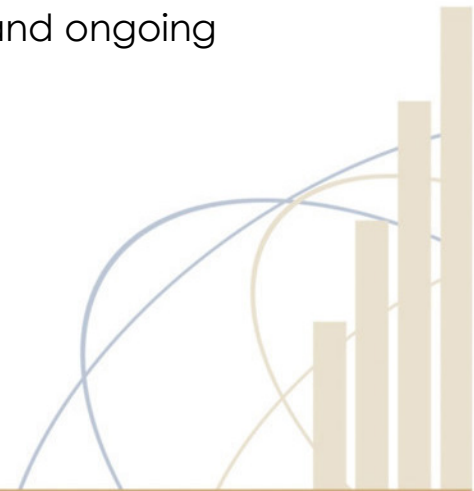
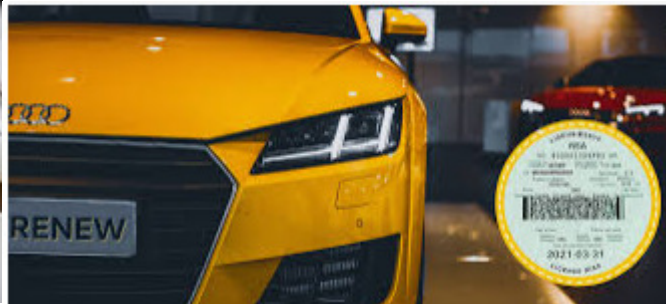


**Warning  
letters/  
disconnection  
notices/final  
demands**





- ❑ SCM - Vendor Data base aligned with Billing & Accounts Payable via the Business Partner - Tenders are not considered / awarded to service providers, who owe the City money
- ❑ Renew motor vehicle licences online
- ❑ Citizens can pay municipal accounts/traffic fines at 3<sup>rd</sup> parties/online, EFT, debit/credit cards at City contact/cash offices, QR code to be put on invoices to pay via cell-phone etc.
- ❑ Busy with fully automating the collection of other arrears via the Prepaid electricity purchases (enhancement project commenced November 2021 and ongoing)
- ❑ No refunds are paid to those who owe the City money

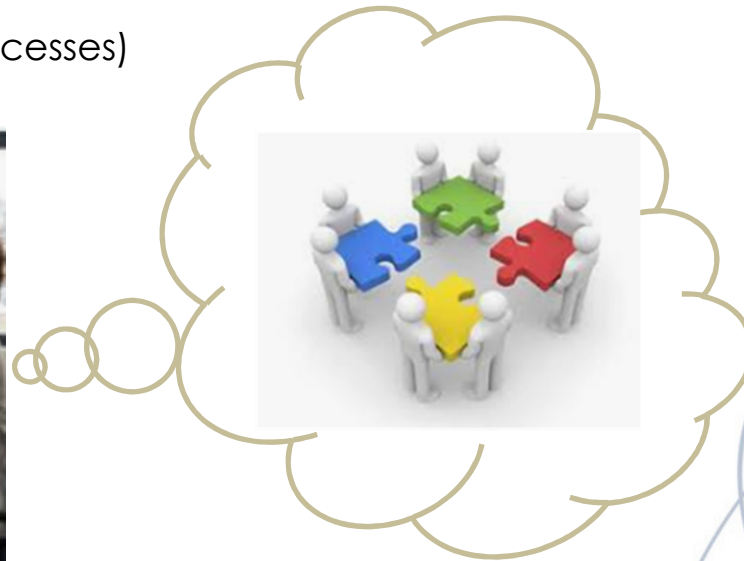


# What municipalities should do and data cleansing

## ❑ **Municipalities must put transversal teams (from all applicable departments) in place**

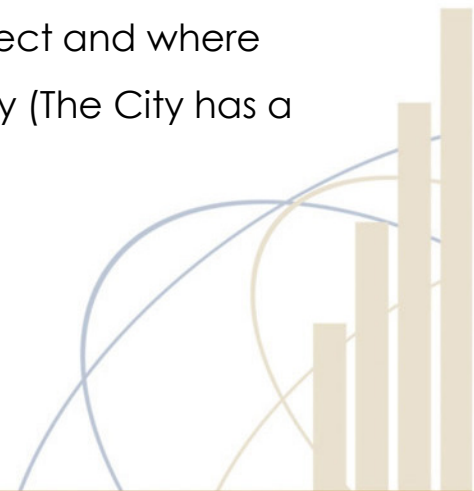
The City established the following teams.

- **Property Value Chain Governance Forum** (Chaired by an ED with Directors appointed via appointment letter with responsibilities by Municipal Manager)– City busy with a **Birth to billing project**
- **Property Value Chain Super User Group** (comprising experience senior officials from the different City Departments to agree and implement the documented end to end business processes)



# What municipalities should do and data cleansing

- ❑ To maximise revenue and before implementing automated/online services, **municipalities must put in documented end to end business processes going forward and clean up their data as follows:**
  - **Properties** - align all the properties with the Deeds office, Valuation roll, GIS, Land Use Management and billing systems etc
  - **Each Property**
    - ❖ Verify that ownership is correct on billing system with the Deeds office and Land Use Management system and rectify accordingly
    - ❖ Verify that the rates and services tariffs, the number of refuse bins, the indigent/rates rebates are correct, rectify where incorrect and where necessary, consolidate separate accounts accordingly (The City has a consolidated municipal account)



# What municipalities should do and data cleansing

- Verify that the water and electricity meters( serial numbers etc) are correct at the property and on the device management , billing systems etc and rectify accordingly
- **Business Partners (BP)**
  - ❖ Have a standard SOP of how to record the BP details i.e. Name/surname, ID no, addresses (street , postal, email, telephone/cell numbers etc.)
  - ❖ Constantly maintain and update BP details e.g. Cell no's /Email addresses etc.

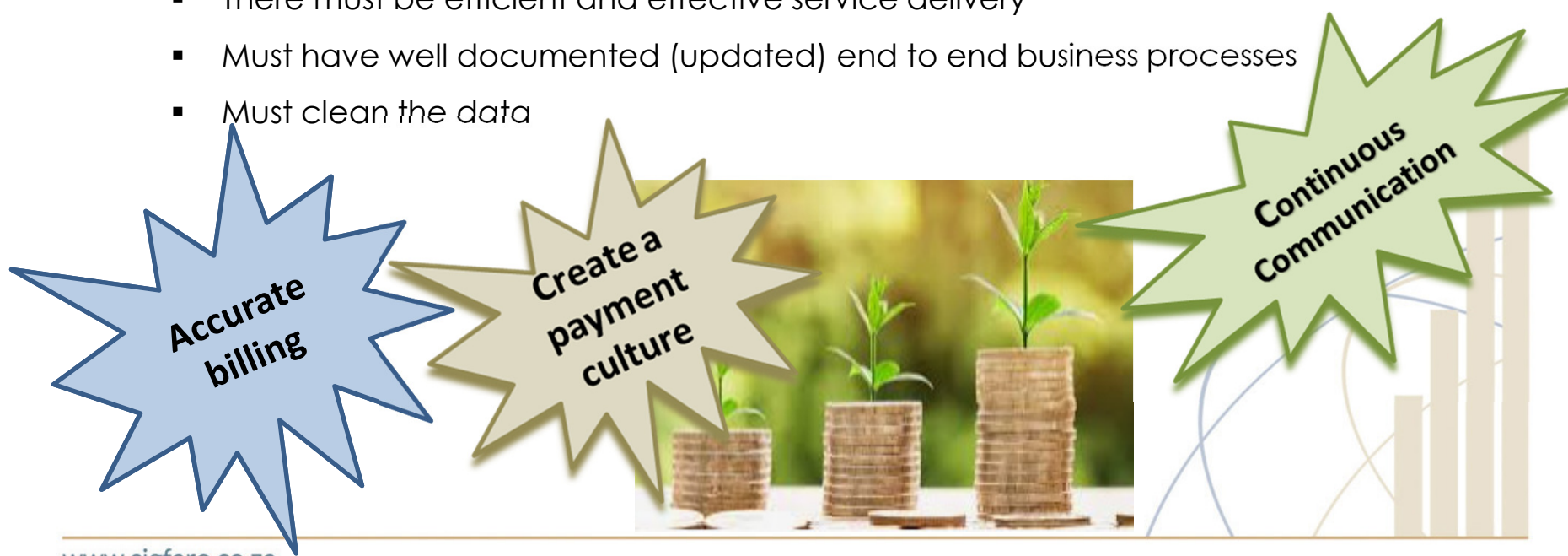




## CONCLUSION

❑ If Municipalities want to improve on their revenue collections and the standard of service delivery, they must do amongst others, the following.

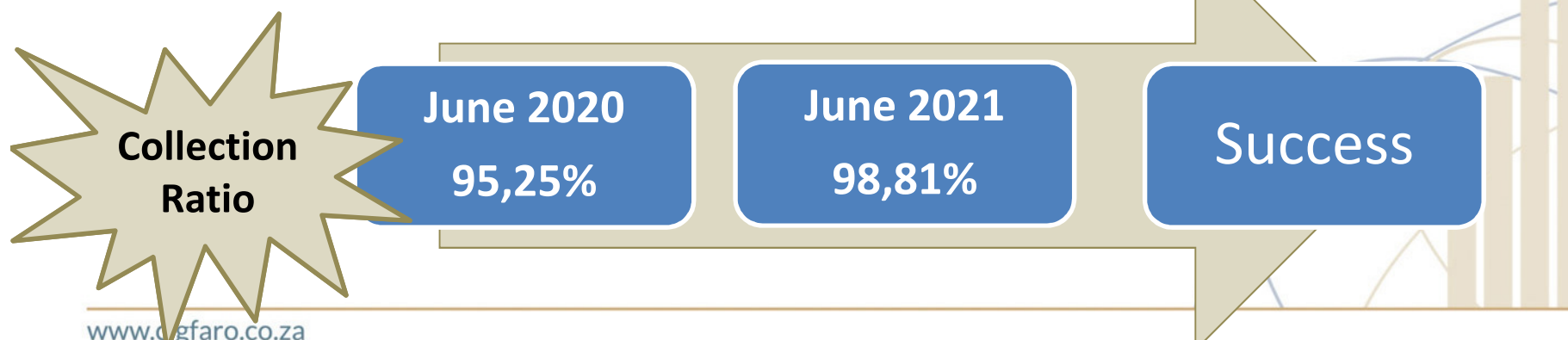
- There must be the Political will / Political support
- Regular and ongoing communications with the ratepayers/citizens via the various media/social media platforms and community meetings etc.
- There must be efficient and effective service delivery
- Must have well documented (updated) end to end business processes
- Must clean the data



## CONCLUSION

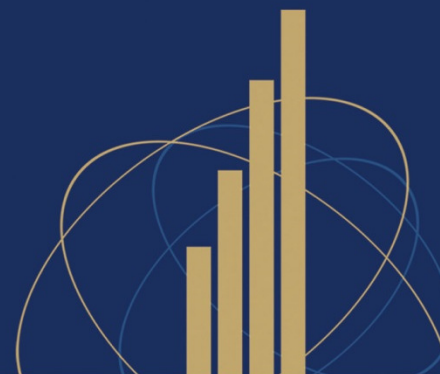
❑ **If Municipalities want to improve on their revenue collections and the standard of service delivery, they must do amongst others, the following.**

- Must have updated policies and By-Laws in compliance with the legislation/laws -- to withstand legal challenges
- Ensure your billings are timeous and accurate
- Must only appoint competent staff and have ongoing training and development
- Must automate and implement online services
- Must look at and plan for the **future of work, future of workplace and future of the workforce** .





# Thank You!



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