
GREATER TAUNG LOCAL MUNICIPALITY



REVENUE COLLECTION STRATEGY

2024/2025

Date approved: DRAFT
Resolution

1. BACKGROUND

Revenue is the vital key performance area which determines sustainability and viability of municipality and cannot be performed without the following key service delivery enablers as highlighted above:

Regulatory Context

The objective of Municipal Finance Management Act (MFMA) is to secure sound and suitable management of the fiscal and financial of municipalities by establishing norms and standards of and other requirements for:

- (i) Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;*
- (ii) Management of their revenue, expenditure, assets and liabilities and the handling of their financial dealings;*
- (iii) Budgetary and financial planning processes and the coordination of the processes with the process of organs of state in other spheres of government;*
- (iv) Borrowings;*
- (v) Handling of financial problems in entities;*
- (vi) Supply Chain Management; and*
- (vii) Other financial matters*

The **Municipal Systems Act 2000** requires that the municipality collects all the monies due to it from rates and services provided and consumed. Greater Taung Local Municipality, like all others, is challenged by emergence of the “new poor”, the world wide experience of the urbanization of the poverty, as well as scourge HIV/AIDS in communities. Greater Taung Local Municipality faces real challenges in both instances.

Section 27 of the Constitution states that everyone has the right to access sufficient food, water, social security (if they are unable to support themselves and their dependents), as well as the right to appropriate social assistance.

Section 64 (1) (Revenue Management) of Municipal Finance Management Act states that the accounting officer of a municipality is responsible for the management of the revenue of the municipality.

- Review of business practice against the available policies and procedures
- Comparison of practices against process participants
- Review of current human resource capacity
- System support to business

2. MUNICIPAL REVENUE ACTIVITIES

2.1 Revenue Management Activities

- **Customer base administration**
Ensure that customers be classified at the correct category, e.g. Households, Business, Government, Farms, etc.
- **Tariff Application**
Ensure that classified customers are structured and linked to the applicable tariffs as per approved policy.
- **Meter Reading**
Ensure monthly and proper meter readings captured to ensure correct billing. Pre pay meters be followed up regularly for bypassing.
- **Billing**
Ensure timeously and correct billing monthly.
- **Debt Collection**
Ensure timeously debt collection procedures to be implemented on defaulters as per approved policy.
- **Loss Management**
Ensure that electricity losses be minimized and even water losses, although water is coming from boreholes.

2.2 Administration of customer master data

Ensure accuracy of customer data. Both postal and residential address, phone number, e-mail address, etc. Ensure regular verification of owners and ensuring of correct billing of Rates and other applicable services. This verification and validation will involve the following:

- The services of meter readers (update customer information)
- Property data (Deeds information)
- House to house survey of customer and property data (Valuation Roll)
- Revisit customer application forms to ensure that they are properly classified
- Identification of all property owners and ensure that they are valuate and billed as such.

Key success factors

- Ensure that customer data updates are processed expediently.
- Timeous update of technical data

Key performance indicators

- Duration in updating customer master data

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- Percentage customer data accuracy

2.3 Efficiency of the meter reading and billing

A process to ensure rendering of credible and reliable accounts is of importance to revenue management. Ensuring that all residents are being charged at the correct amount will assist in income optimization and consumer confidence.

2.4 Debt Collection

Debt collection is the key to the municipality's cash flows and sustainability. The collection process must be effectively and efficiently managed to ensure that debt does not escalate to an unacceptable level. The process should include:

- Development and implementation of business processes, policies and procedures that define the following collection process:
 - Telephonic reminders & SMS reminders
 - Legal hand-over
 - Write-offs
 - Identification of untraceable debtors and applying a strategy of appointing a Tracing Agent on a 'no-trace-no-fee' basis and placing of public notices for such debtors to come to council's office to arrange.
 - Get customer to sign debt acknowledgement and make payment arrangement (installment) with customer on overdue amount while keeping current debt up-to-date.
 - Follow-up on disconnected customers to ensure that they do not reconnect services illegally. Ensure that pre pay meters are not bypassed.
 - Review the process of debt prescription and write-offs .
 - Identifying material debt for immediate collection
 - Identify key customer to provide key customer services to.

2.5 Loss management

Non-technical losses have negative financial implications on revenue. These losses are classified as financial losses and include among others:

- Customers registered and not billed,
- Unregistered customers not billed for services provided.
- Customer disconnected for non-payment reconnect illegally,
- Bridging and tempering of meters to reduce consumption readings faulty meters.

These are losses which the municipality has a full control over and can ensure that they kept to a minimal or eradicate where possible.

The process of managing losses includes the following:

- Monthly analysis of revenue billed
- Physical audits
- Timeous changes on faulty meters
- Follow-up on disconnected customers to ensure that they do not reconnect services illegally.

Key success factors

- Accurate measurement tool i.e. meters. Convert to Pre pay meters.
- Accurate customer and property data
- Timely resolution of financial losses

Key performance indicators

- Energy balancing i.e. product purchase against product sales.
- Percentage of reduction in losses

2.6 Capacity Building Program

This program also includes a skills audit to identify the current skill levels and requirement. The report should then be utilized to develop a development plan spanning from short to long term.

Strategies to be addressed in the skills development include internal and external services providers. The internal service providers could be mentors and coaches that would inform a mentorship program. This strategy can motivate employees and save costs.

There should be a retention strategy for performing staff to reduce staff turnover and training and training costs.

2.7 Other Collection Measures

Other Collection Measures to ensure Income:

- Building Plan Approval only on paid up accounts.
- SCM orders are only issued on paid accounts as per SCM Policy.
- Business Licensing.