

REVENUE MANAGEMENT CITY OF TSHWANE PERSPECTIVE



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PURPOSE

- **The purpose of the presentation is to:**
 - **Highlight the holistic revenue management process within Tshwane**
 - **Express current challenges and initiatives to address the challenges.**



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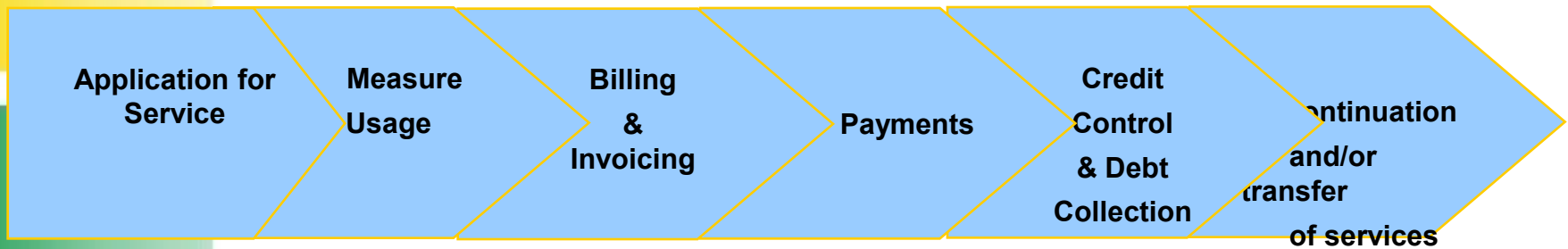
Background

- **In 2005 the City implemented SAP Financial System as one of the strategies to address the billing challenges.**
- **The City has to invoice 650 000 consumer accounts per month.**
- **There are 597385 meters that has to be read per month**



Revenue Management Value Chain

Enquiries & Data Integrity



- A customer applies for a service and the service is linked to new customer's account.
- For metered services, the property will need to have meters.

- For metered services, monthly readings are then taken on the devices at the property.
- For non-metered services such as refuse and rates, bins and valuations are updated

- The meter readings are then billed and invoiced.
- Non-metered services are billed on property values (Rates) or number of bins (Refuse).

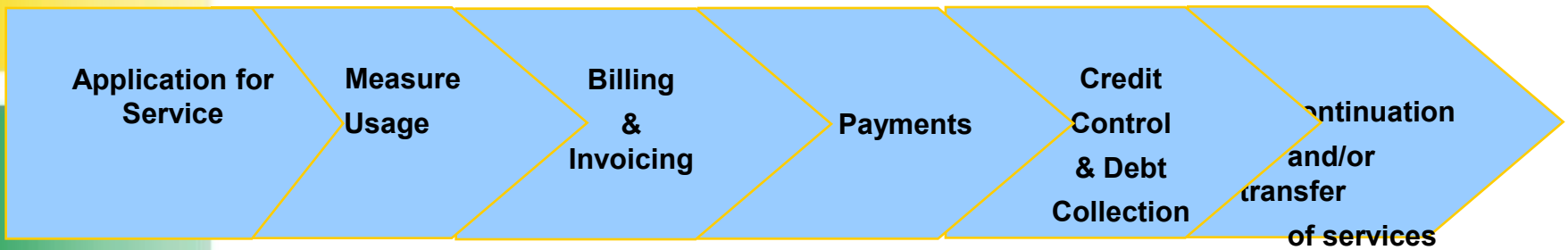
- Payments or lack thereof are then dealt with in the Payments department or, alternatively, the Credit Control and Debt Collection departments should payments not be received.

- Should a customer choose to move out of a property, the service will be discontinued .
- If a property was sold a change of ownership will be registered.



Integrated Revenue Management Value Chain

Enquiries & Data Integrity



CUSTOMER CARE AND IMD

PUBLIC WORK AND INFRASTRUCTURE DEVELOPMENT

CITY PLANNING



Meter Reading Performance

Month	No. Of meters	Meters read	%	Unread meters %	No access %	Phone in readings % of no access
January 2008	590947	496743	84.05	2.8	13.18	17
February 2008	593827	499927	84.19	2.5	13.31	15.01
March 2008	597085	503019	84.24	2.67	13.09	15.29
April 2008	597385	502307	84.08	2.68	13.24	10.47

Note: In terms of the Balanced scorecard, the number of actual readings to be obtained is 84%



Number of accounts not invoiced as at end of financial years (2006 -2007)

Financial year	No. of customers affected	No. Of invoices not issued	Estimated value
2005	20294	43291	Value was not determined at that stage
2006	15582	22621	147 332 226.84
2007	15977	32229	140 805 927.11



Monthly status of accounts not invoiced for 2008

Month	No. Of customers affected	No. Of invoices affected
January 2008	4312	6086
Prior months	551	
Total	4862	
February 2008	1908	8592
Prior months	934	
Total	2842	
March 2008	4212	8972
Prior months	555	
Total	4767	
April 2008	2077	4769
Prior months	619	
Total	2696	



Status of Exception Reports

Information as at 20 May 2008

Exception report	Number
Invalid meter readings	4096
Invalid bill amount	2228
Invalid invoice amount	241
Billing errors (system)	1072

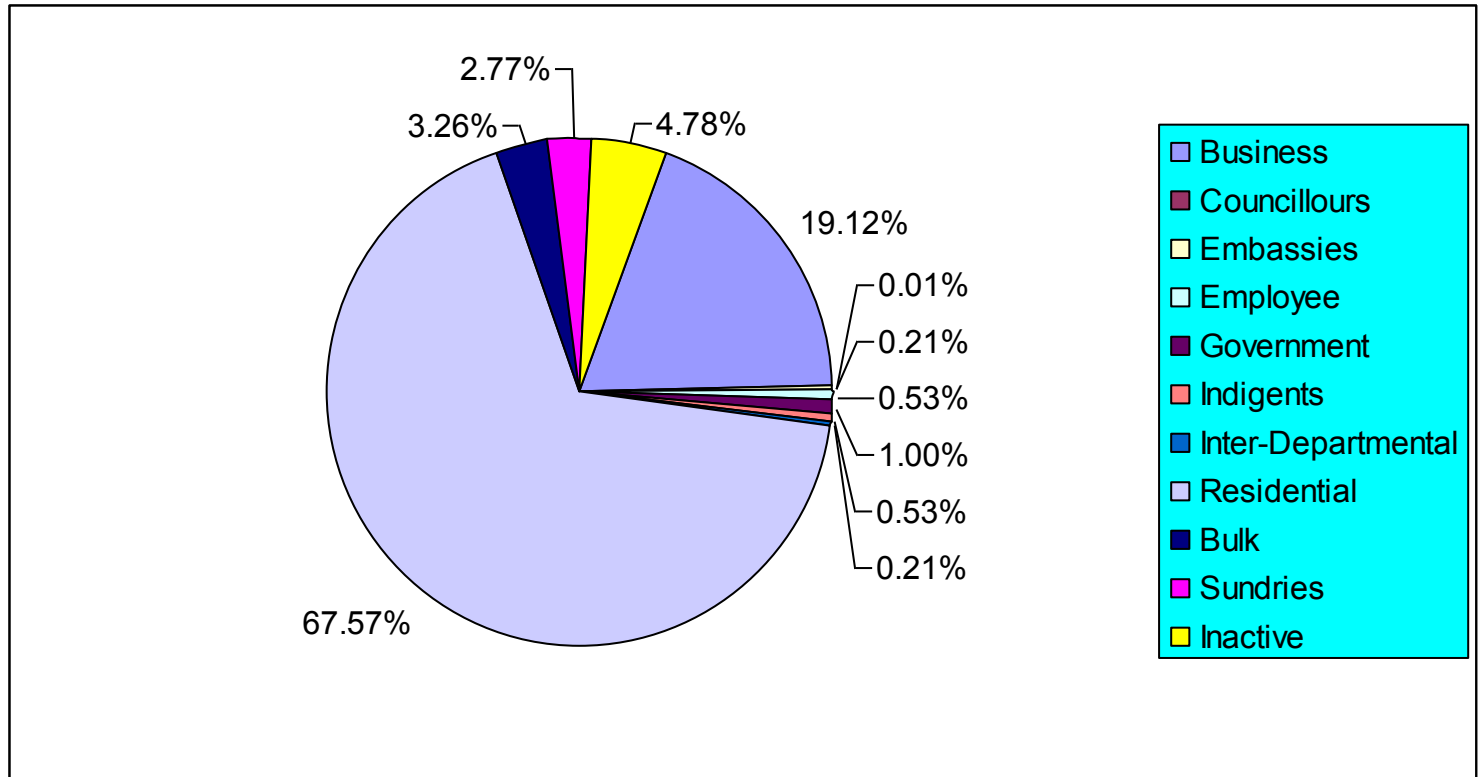


COT DEBTORS BOOK

<u>BP TYPE</u>	<u>Feb 08</u>	<u>Mar 08</u>	<u>April 08</u>	<u>08-May</u>
Business	564651441.4	560967605	528630130	509080370
Councillors	207153.22	189919.56	194888.17	212428.65
Embassies	3065631.6	4518440.76	5095596.79	5686889.04
Employee	13163377.71	12737566	12284837.9	14177969.4
Government	23042328.54	15956235.4	31126714	26557150.5
Indigents	3938457.61	6619794.12	11826459.1	14118074.3
Inter-Departmental	-7972078.59	-1183132.5	-7241856.5	-5598792.1
Residential	1756496407	1744183486	1814796961	1798921785
Bulk	101732071.6	101132061	119972163	86796143.6
Sundries	67840195.33	74130897.7	72806305.6	73812547.8
Inactive	101692044.6	106306116	110864985	127379019
TOTAL	2627857030	2625558990	2700357184	2651143585



DEBTORS FOCUS



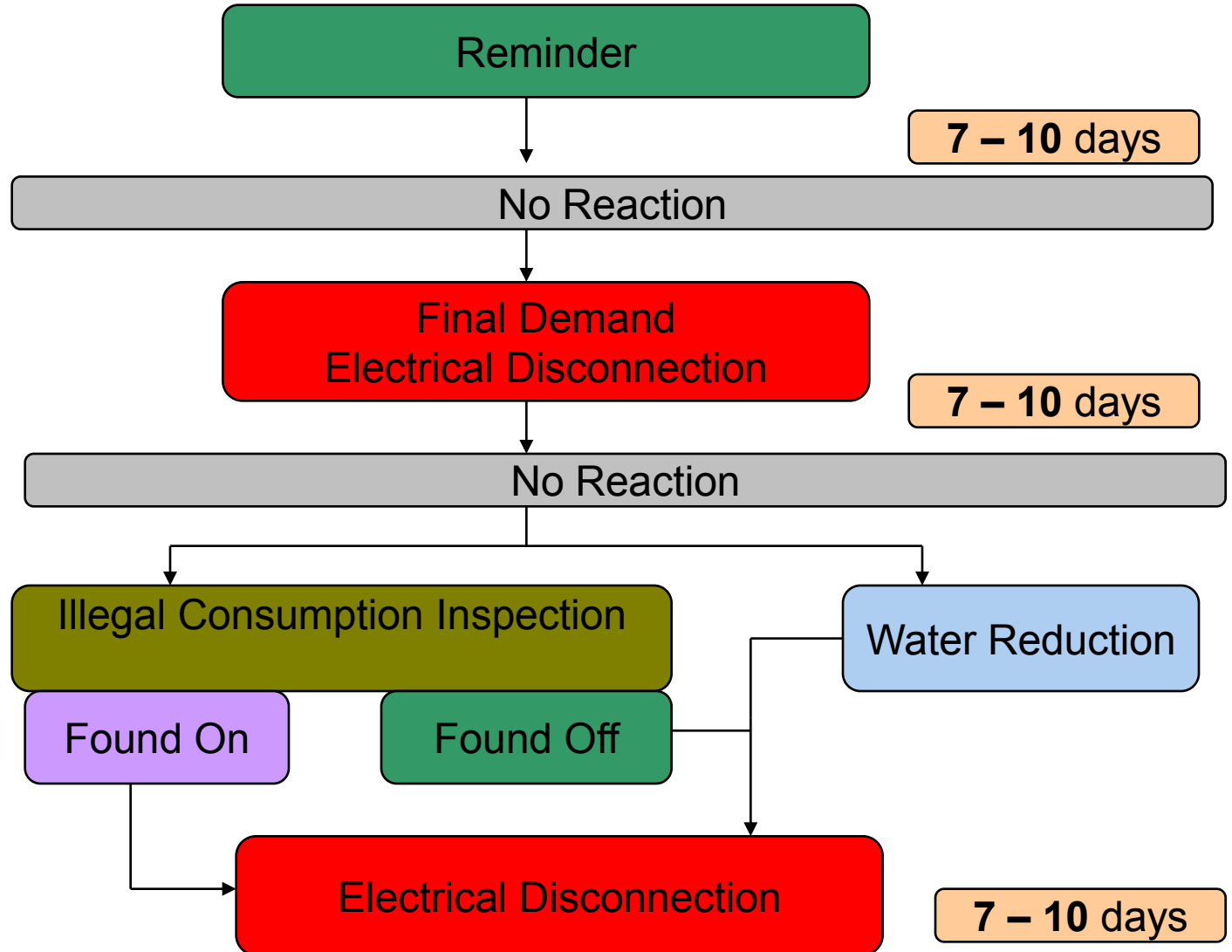


Credit Control Strategy

- **Reviewed of City's Collection Policy approved by Council on 02 August 2008**
- **Highlights of Reviewed Policy:**
 - **Shorter Arrangement period.**
 - **Different process between Business and Residential**
 - **Incentive debt collection arrangement – Interest Free Arrangements.**
 - **Revised Indigent Policy**

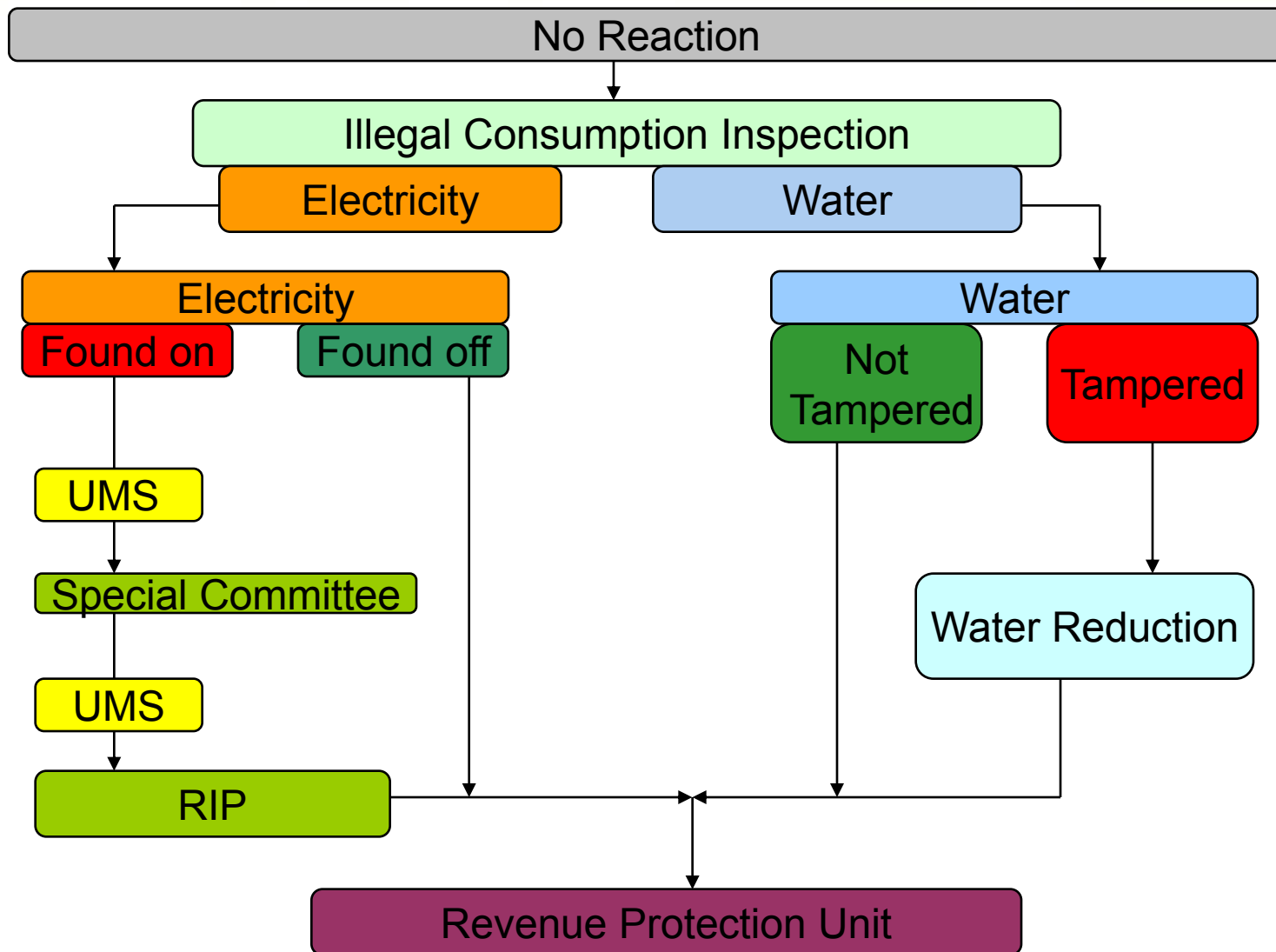


CREDIT CONTROL PROCESS





CREDIT CONTROL PROCESS





Payment Incentive Program

- **November 2005 City launched a payment incentive program called THE RESIDENT PROGRAM.**
- **Aim of Programme:**
 - **Improve payment levels within residential customers**
 - **Eradicate the culture of non payment**
- **Qualifying Criteria and Benefits:**
 - **Residential customer paid up with total amount of less R301;**
 - **Qualifying residents participate in accessing rewards at various participating multiple partners:**
 - **Cash Reward Partners – 43 partners**
 - **Discount Partners – 101 partners**
 - **Added Value Partners – 56 partners**

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Debt Collection Strategy

- ❑ **Debtors over 90 days handed over to 3rd party collection agents**
- ❑ **Adopted a Segmented Debt Collection Strategy**
- ❑ **Implemented Section 28 (TENANTS/OCCUPIERS) of MPRA**
- ❑ **Disconnection of Tenants accounts for arrear rates accounts.**
- ❑ **Special Focus - Top 1000 Residential Debt**
- ❑ **Special Focus - Top 100 Business Debt**
- ❑ **Focus Employee & Councilors accounts in arrears**
- ❑ **SEND OF SMS FOR AMOUNT DUE AND DUE DATE**
- ❑ **Launched a Prepaid Debt Arrear Management Strategy**
- ❑ **Will be conducting a feasibility study on launching of OUT-BOUND DEBT COLLECTION.**



PRE-PAID AREA MANAGEMENT STATISTICS

MONTH	# OF PREPAID RESTRICTIONS (Count and Rand Value Accumulative)	CASH RECEIVED	# OF INSTALLMENT PLANS	VALUE OF INSTALLEMENT PLANS
March 08	921 (R31 395 452.82)	R772 484.71	79	
April 08	2495 (R54 307 339.61)	R1 064 632.51	103	
May 08	5495 (R95 870 275.77)	R1 546 600.61	224	
15 June 08	6236 (R 100 004 999.80)	R 864 680.73	391	
TOTAL	6236 (R 100 004 999.80)	R 3 383 717.83	391	R 5 353 333.08



Progress on initiatives undertaken to improve data / billing

• **PROJECT TO REDUCE ESTIMATION**

• **12 months estimations (COMPLETED)**

- **Total number of meters: 5252**
- **Readings obtained with inspections: 1445**
- **Registered letters issued: 2726**
- **Notifications created: 1081**
- **Cut off actions: 274**

• **9 months estimations (COMPLETED)**

- **Total number of meters: 4836**
- **Readings obtained with inspections: 2071**
- **Registered letters issued: 1642**
- **Notifications created: 1123**
- **Cut off actions: 227**

• **3 months estimations**

- **Target date for completion: 30 June 2008**

- **Action plan**

- **Data cleansing to be completed by 19 May 2008**
- **Inspections to be completed by 26/05/2008**
- **Registered letters to be sent out by 2 June 2008**
- **Cut off actions to commence on 23 June 2008**



Progress on initiatives undertaken to improve data / billing.

- **WILL BE ROLLING OUT OF AUTOMATED METER READING TO ALL RESIDENTIAL CUSTOMERS**
- **WILL BE ROLLING OUT AN E-BILLING STRATEGY**
- **METERS NOT COUPLED TO ONTRACTACCOUNTS :**
 - **28 951 meters not coupled to contract account.**
 - **24 000 ELECTRICTY METERS**
 - **4 951 WATER.**
 - **Target date for completion is 01 JULY2008**



ACTION TAKEN ON METERS NOT COUPLED TO CONTRACT ACCOUNT

<u>ELECTRICITY</u>	COMPLETED	NO DEVICE ON SYSTEM	OUTSTANDING
24 000	15657	4802	3541
<u>WATER</u>			
4951	1778	1059	2114



Progress on initiatives undertaken to improve data / billing

- **Customer Update forms**
 - Letters were sent out to all consumers requesting information to be updated, however, the response was very low.
 - Officials have been stationed at the entrance of the BKS Building and 11276 update forms have been received for the period October 2007 to May 2008.
- **Returned mail**
 - October 2008 Revenue Management took over the process of returned mail.
 - For the period mentioned until end March 2008, 31112 items has been received and 18925 (60.8%) had been resolved.
 - A programme has been developed to identify and age returned mail. LIVE as at 01 June 2008.



CONCLUSION

- **Pillars for efficient and effective Revenue Management are:**
 - **Accurate and Timeous Billing.**
 - **Robust Credit Control and Debt Collection Methods**
 - **On going Data Purification Strategy.**
 - **Technology – AMR and E-Billing**
 - **Revenue Protection as the overarching mechanism**

Thank You