

SUSTAINABLE AND EFFECTIVE REVENUE MANAGEMENT FOR MUNICIPALITIES

VENUE: MOSES MABHIDA STADIUM

Wednesday, 18 to Friday, 20 November 2015

In recognition that local government is tasked with a great responsibility of service delivery calls for innovative systems as efficiency and quality delivery is a demand. Deepening the culture of peer to peer learning and sharing for capacity enhancement purposes is amongst the key aims of hosting this session. The Municipal Institute of Learning in partnership with eThekweni Municipality's Revenue Management Unit and Cities Alliance hosted a three Master Class on Sustainable and Effective Revenue Management. Through facilitated discussion methodology, 55 practitioners within the field of water and sanitation, finance, metering systems, customer services, electricity, rates and tariffs, government administration and other related fields engaged in robust discussions.

Given that rendering development and service delivery is at the core of government, From the discussion of processes, strategies, tools and support for achieving implementation of sustainable revenue management, key learnings were highlighted. This document is a synthesis of the main lessons gathered from presentations and discussions.

DAY 1

The main focus area on day one was centred on knowing the rules of revenue in order to achieve proper and effective revenue management. The strategic framework for financial management highlighted contextualising service delivery through pushing the municipalities' developmental agenda/goals by linking revenue management with the Integrated Development Planning for Local Government.

Participants raised important questions in terms of aligning their services with local government policies, the IDP and other cost drivers. Educational strategies were shared which included assets and budget management, enforcement of the law to ensure revenue management implementation and most importantly local municipalities were advised to plan within their ability and capacity that they can achieve for their communities.

The culture of non-payment by local by local service users was raised as one of the main challenge faced by majority of the participants. This issue was addressed through sharing experience and strategies of customer identification and profiling to enhance revenue collection.

REVENUE MANAGEMENT

The key lesson within revenue management is integration, taking revenue services as part the bigger picture of service delivery which requires productivity, political will, efficiency and proper use of legislation. Participants raised the challenge of political influence; experiences were shared on eradicating it through applying legislation, the Municipal Systems Act, Structures Act, following the management of relationships, rules and guidance from legislation which applies to councillors, politicians and the community at large. “No person is above the law”, said the head of eThekweni Revenue, Peet du Plessis. Further to this, an emphasis was made on arrears management which must be tough, unbiased and carryout the mandate of revenue services.

The application of legislation is the main solution to all challenges faced by revenue practitioners; these include deceased estates and rented properties (non-payments) and customers claiming to have made payments through deposits. The overall lesson was **‘what does the law say? Then follow the rules prescribed by the legislation’**

RELIABLE WATER METERING SYSTEMS FOR REVENUE MANAGEMENT

Revenue enhancement strategies using engineering perspectives gave lessons on the meter hierarchy. Practitioners were reminded that the main reason to **‘meter is to know’**, thus meaning the metering system is an awareness for the municipalities not to lose revenue at the same time there is a need for accuracy to achieve

accurate revenue collection that will not cheat the customer nor the municipality. Key tips of achieving this accuracy included lessons on selection of appropriate meter types, meter replacement programs as well as the importance of data handling between the actual reading and capturing & financial report/calculation for the purposes of accuracy.

Amongst the emphasized issues was the education of the recipients of the revenue services, for transparency and people centred service delivery; customers need to understand all processes and be informed as so revenue service processes can be accepted without resistance. In a way, informing customers have the potential of decreasing tempering and illegal connections.

REVENUE VALUE CHAIN

The main focus is revenue enhancement through customer data, knowing the customer or the company decreases potential revenue loss. This is best achieved by obtaining full personal details accompanied by on site visits as visitation leads to the detection of revenue loss. Participants were encouraged to use technology, Google maps to substitute physical on foot visits.

DAY 2

The second day began with reflecting back on lessons and burning issues learned in day one. Participants reflected lessons on innovative and sustainable strategies to improve revenue management. Experiences were shared on how to deal with influences from management and councillors. Section 118 of the Municipals Systems Act was highlighted by participants and the implementation of policy within revenue management.

On revenue, tariffs and calculations the following lessons were learned: it is a principle that tariffs generate cash, cost accounting prioritized because if side-lined, productivity goes down, recalculate tariff from 0 every year to avoid relying on the previous year (for accuracy), calculation methodologies were shared. It was highlighted that indigent registry can be associated with fraud due to people who hide behind the poor to skip paying revenue. Entitlements require thorough

investigation. Further to this highlight, water and electricity categorise indigent differently therefore they apply different methods. Municipal systems act was cited in several occasions in relating to credit control. A highlight on water disconnection was the advice to disconnect and live access within 200m distance, this strategy encourages customers to pay for services.

Key lessons:

- Knowing legislation and the rules of the game being ‘key’ in terms of guidance, applying them to everyday decision making, guidance from policies push towards accuracy and efficiency.
- Leadership needs to be decentralized within revenue management for the purposes of mentorship and guidance.
- Communication and engaging communities is emphasized.
- With intergovernmental issues, communicate with departments, give a 14 day overdue notice, failure of paying results in disconnecting, e.g.(schools).

The second day ended with a site visit to Smart Xchange Call Centre, Durban. Participants were exposed to the revenue services call centre as they witnessed customer service, assistance and administration.

DAY 3

The third day began with reflections from day two. Vital lessons are as follows:

- The power of legislation, by laws
- Debt management
- Communication with community (consensus)
- Strategic ways of obtaining and capturing correct data for rate payers
- Creating a culture where customers understand the notion of payment
- Indigent management must be understood in this context “those who are unable to pay do not receive free services; rather they receive services at the expense of those who are able to pay”

Call centre lessons:

- Customer management skills
 - Professionalism of call centre agents
 - communication skills
 - Customer friendly techniques to avoid frustration
 - The large number of balance enquiry request indicates a problem that customers are not receiving statements
 - Standing by protocol regardless in special cases that require discretionary given by the customer (case example of an elderly who called with a request of being connected claiming she has deposited the outstanding fees- such scenarios must be resolved through following by laws which clearly indicate reconnection upon the reflection of the paid amount or referring the case to a supervisor, previous issues of fraud associated with the deposit claims were highlighted)
 - Effective monitoring of the call centre proceedings
 - A need of integrating different departments within the call centre, for instance (electricity department for the purposes of shared information, cases of customers calling the electricity department reporting a faulty blackout yet knowingly the electricity is disconnected was amongst the motivators for integration)
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Pro-poor revenue management lessons emphasized the customer and debt profiling and paying attention to detail (revenue practitioners) in order to track changes and avoid revenue loses. The following lessons were drawn: the experience of timeous increase number of indigent e.g. (local government elections period), strategies of collecting revenue in the informal settlements, and strategies for validating indigent statuses within the noticeable increased claims of child headed households.

Lessons captured from sustainable finance and credit worthiness highlighted constant monitoring of credit rating which enables the municipality to have a clear

picture of its economic activities, this is in line with the principles of openness and transparency that revenue management services need to comply with.

Day three ended with the evaluation of collection performance, norms and standards session highlights was the sharing of formulas, calculating water and electricity yearly billings, strategies of how to measure success, credit control policy clarifications, consent to judgement, strategies to facilitate accuracy when using service providers for meter reading and the importance of audits (how investigations are done).