



CAPRICORN DISTRICT MUNICIPALITY REVENUE ENHANCEMENT STRATEGY

Notwithstanding the date of approval, this policy shall remain effective until approved otherwise by Council and may be reviewed on an earlier date as deemed necessary.

TABLE OF CONTENTS

1.	INTRODUCTION.....	3
2.	APPROACH.....	3
3.	REVENUE ENHANCEMENT STRATEGY	4
3.1	SHORT TERM STRATEGY (SIX MONTHS).....	4
3.2	MEDIUM TERM STRATEGY (6-18 MONTHS).....	11
3.3	LONG TERM STRATEGY (18 TO 36 MONTHS)	13
4.	RESOURCE PLAN	14
4.1	HUMAN RESOURCES.....	14
4.2	TECHNOLOGY AND SUPPORT SYSTEMS.....	16
5.	PROPOSED ACTION PLAN.....	17
6.	PROPOSED COMMUNITY STRATEGY	25
6.1	STAKEHOLDER ANALYSIS	25
6.2	COMMUNICATION STRATEGY	26
7.	ANNEXURES.....	30
7.1	ANNEXURE A: WORKFLOW CHART OF REVENUE MANAGEMENT CYCLE	30

1. INTRODUCTION

In order to develop and implement an effective system of revenue collection, it is important to understand the reasons and dynamics behind the current position.

The average payment rate for CDM for the period July 2021 to June 2022 was 19%, resulting in an increase of R66 million in arrear debt. The increase in arrear debt amounting to R447 million over the financial year period can be attributed to a number of factors. Although high levels of unemployment are definitely one of the factors, it should be noted that registered indigent debtors are subsidised; therefore, causes for non-payment must be identified. Lack of resources to implement effective debt collection and credit control and the unwillingness of consumers able to pay for their municipal services are the major contributing factors to the current high levels of outstanding debt.

The fact that the total outstanding amount of R447 million as at 30 June 2022 was accumulated over a period of time necessitated an incremental approach to the problem. The incremental or targeted approach towards the recovery of debt is imperative to ensure the sustainability of systems and processes implemented.

Revenue collection and management does not only start when the debtor defaulted, but already early in the billing cycle when the consumer applies for services, meters are read, and accounts processed. If these processes are not in place, then debt collection is the symptom that is treated and not the cause.

2. APPROACH

Each category of consumers requires a strategic and targeted approach. The challenge in any debt recovery programme is time because these arrears accumulated over a period of time and will take longer to recover. The principle that services payments must be linked to the provision of services creates a challenge, as the municipality needs money to provide services whilst communities expect services before paying for services.

CDM needs to treat the cause of the problems and not the symptoms, which means that we start at the beginning of the billing cycle with the process of applying for municipal services. This process is currently not effective and supportive to effective revenue management. Upon completion the next step will be the metering of services

consumed, preparing accurate bills and ensuring that the accurate bill reaches the correct consumer on time. Systems must then be in place to ensure that on the date for payment, the municipality receives the money and allocates it correctly. If not paid on due date punitive steps must be instituted immediately as is the case with any other financial transaction and institution. The municipality should not be last in line when consumers decide on spending their income. Credit control and debt collection must be fair but strict.'

3. REVENUE ENHANCEMENT STRATEGY

The reality is that the outstanding water debt of more than R447 million can't be recovered overnight; a strategic, incremental and targeted approach is needed. Systems, policies and processes need to be improved and implemented and this will take time. However, the municipality can't wait until all the debtors' records have been reconciled and all systems and processes are in place. It is therefore imperative that the revenue collection and enhancement strategy be done in phases, with the initial focus on short term gains, stabilising the financial position, improving systems and processes and collecting what is realistic and collectable.

The proposed strategy is therefore divided into three phases (short, medium and long term) where some activities can run parallel and others can be delayed. Although the strategy is resource (human, financial and technology) dependent, the municipality needs to ensure that the cost/benefit considerations are done. Where it becomes too expensive, or it can be done more cost effective and efficient externally the municipality needs to consider those options. A well-developed strategy, policy and processes must be supported by competent and dedicated staff and service providers. Effective communication between Councillors, officials and the communities are needed, and this should be done before any projects or programs commences.

3.1 SHORT TERM STRATEGY (SIX MONTHS)

3.1.1 Top 100 Accounts (Incl. Business and Government)

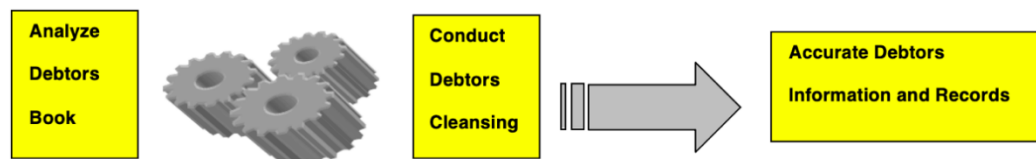
As indicated above, the short-term strategy must provide for quick gains. The "top 100" accounts were selected, representing debtors owing the municipality more than R50 000. A sample base must be created in current and arrear debt.

For a high-level review of these outstanding amounts, it should be stated upfront that a number of these debtors owing significant amounts seems not to be correct/ recoverable. However, even only a correction of an account will lead to a substantial decrease in the current outstanding debt of R286 million. Urgent

reconciliation of all these accounts may result in a significant reduction in outstanding debt, either through payment or correction.

The above debt should be approached as follow: -

- 3.1.1.1 Start with the priority areas, in the following sequence (1) business, (2) government, (3) educational, (4) households, etc.
- 3.1.1.2 Analyse (reconcile) the accounts to ensure accuracy, contact details, etc.
- 3.1.1.3 For outstanding accounts above R100 000, set up meetings with senior management of the institutions to present details and request payment. For the smaller accounts (less than R100 000), first make contact (telephonic or personal visit) and if no reaction then letters of demand be issued requesting payment within seven days.
- 3.1.1.4 Failure to pay within seven days, disconnect water supply.
- 3.1.1.5 After 28 days' notice hand accounts over for blacklisting (owners, directors) with credit bureau(s).
- 3.1.1.6 Institute legal proceedings to attach property.
- 3.1.1.7 Reconnection of water supply can only be done if arrangement is made to settle the account within three months.
- 3.1.1.8 Follow ups and spot checks must be done to ensure water supply has not been illegally connected.



- 3.1.1.9 It should be noted that due to political circumstances it is not always possible to recover outstanding debt from government institutions, especially schools, prisons, police stations, etc. However, these outstanding debts should also be followed up vigorously and where these departments show any lack of co-operation their accounts should be treated in the same manner as any private account.

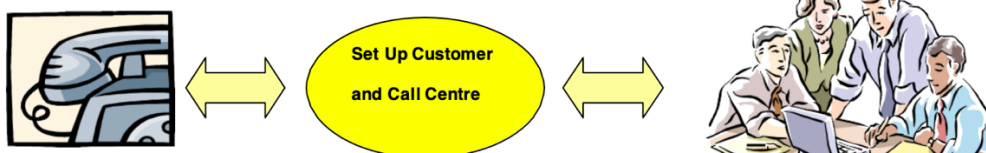
3.1.2 Second and Third Group of Top 100 Accounts

Upon completing step 1 we then draw a new list of the next “top 100” debtors and follow the same procedures. The process is then repeated with the next 100 debtors for a period of six months.

3.1.3 Increase Current Collection Rates

The second step in the short-term strategy is to increase current collection rates. Systems and processes must be formalised to ensure that current accounts are managed on a monthly basis. A reactive approach is costly, time consuming and less effective. Current account management must be a proactive approach, where the debtor is notified before due date that the payment is expected.

This can be done through SMS, telephone call, fax, notice, reminder/ flyer, notice boards, etc. The objective is to inform and remind the debtor to pay.



Only after the above has been done then can the reactive process start. The updating of direct deposits and cheque payments must be done before the cut off list is produced. Disconnection notices must be sent after due date and cut off lists provided to the contractors. Spot checks and follow ups are needed to ensure the disconnection process becomes effective.

3.1.4 Application for Services and Service Level Agreements

Included in the short-term approach, will be to streamline the application for services and the signing of service level agreements. The current system is open for abuse and renders the management of revenue ineffective because defaulting consumers have found weaknesses in the system. Once a debtor is disconnected, he or she just gets a family member or friend to apply for services in their name. The approach here will be to refuse services if any amounts are owed on the account (site /erf) either by a tenant or the owner. All payments must be made at the municipal office in cash or bank guaranteed cheque. No cheques, direct deposits or internet payments will be accepted.

Where payments by cheque have been dishonoured the municipality should refuse cheques and direct payments (internet and direct deposits), and only cash and bank guaranteed cheques should be accepted in future. A list of debtors with dishonoured payments must be drawn and forwarded to all cashiers on a regular basis.

Where a cheque has been dishonoured services must be disconnected until such time that the account has been settled. Defaulting debtors (owners and tenants) should pay a deposit equal to at least three months consumption. Deposits should at least be reviewed on an annual basis.

Personal details to be provided in the application form should be reviewed and a check list should be introduced which will include copies of identity documents of the spouse, directors, partners, copies of company or close corporation registration, contact details, cell numbers, work and home telephone numbers, relatives and references contact details, copies of proof of income, etc. A reference check must be provided before services are connected; this will assist in improving the quality of information and to trace debtors.

The credit control policy should allow credit checks to be performed to assist in determining consumer risks profiles. Consumers must be profiled to ensure that high risks consumers are monitored and securities (deposit) updated on a regular basis.

3.1.5 Inactive Accounts

The next group for reconciliation will be “inactive accounts” of which there should be a base created. Where possible, outstanding amounts should be investigated and collected in terms of the credit control and debt collection policy.

3.1.6 Meter Reading Process

The meter reading process also poses serious problems and all meters with no movement should be investigated and corrections made. Where consumers were not billed for the period, the meters should be replaced, averages taken for three months and these consumers should be billed. Where accounts were placed on “extension” it should be lifted and the consumer must make an arrangement to settle the account over a maximum period of twelve months.

The monthly meter reading variance and exception reports must be analysed and referred to an official dedicated to this task. In order to have effective revenue and debt management systems, the municipality needs to ensure that accurate and credible accounts are produced.

3.1.7 Illegal Connections

Systems and processes need to be improved to ensure that disconnection instructions are implemented, and those consumers don't reconnect themselves.

A system where periodic spot checks are conducted is needed, and if found that illegal reconnections were made, the cables or pipes should be removed, and the consumer must pay for a new connection plus a penalty. This message must be clearly communicated, and stricter enforcement is a matter of urgency. Illegal reconnections must also be reported to the South African Police Services.

3.1.8 Updating the Indigent Register

The challenges and financial implications associated with the management of indigent debtors should be streamlined.

In the short term it would necessitate that the indigent register be recompiled, and indigents registered in accordance with the classifications in the indigent policy.

As a priority the indigent registration process must be reopened with a clear framework and evaluation criteria to ensure only qualifying debtors are subsidised. In terms of the proposed budget, free basic services will be subsidised in three categories, namely: fully subsidised, partially subsidised, and no subsidy. This process must be properly communicated and administratively the municipality must be able to handle and process the new applications effectively and efficiently.

It is imperative that the indigent register only reflect people that really qualify. In this regard, a cost-effective way would be to subject all the indigent debtors on the register to a credit check through an agency or credit bureaus where their financial ratings and credit profiles can be determined. This credit check provides valuable information on employment details, credit records and ratings, postal addresses, contact details. It is also imperative that all applications will only be valid for the current financial year and those consumers renew their registration on an annual basis.

The registration process can be done in two ways, namely: -

- 3.1.8.1 Requesting consumers to complete an application form and submit it to the municipality; or
- 3.1.8.2 Conduct house-to-house research where more than just indigent information is gathered. Social, economic, infrastructure planning, street names and numbers, meter details, and more can be collected. This option is more expensive but in the long term it provides valuable information, which makes it worthwhile.

3.1.9 Clearance Certificates

A procedure manual for the issuing of clearance certificates should be documented and implemented. This will ensure that all debt is identified before a clearance certificate is issued.

3.1.10 Resources in the Debt Collection Unit

The escalating debt can also be attributed to the resources deployed to manage it. In terms of ratios, it is impossible for the existing staff component to effectively manage the debtor's book. Only one staff member must manage all outstanding accounts. The management of the debt is still done manually, with outdated technology and cumbersome administrative processes.

New and improved technology and streamlined processes needs to be introduced. Various software packages are available that makes the management of debt more effective and cost efficient. Where no in house capacity exists and where it is more cost effective to outsource, such options should be considered.

3.1.11 Establishment and Responsibilities of a Back Office

For the effective management of debt, the municipality needs to train and motivate staff to ensure they are focused and dedicated. Debt collection staff should just focus on making contact with the debtor, getting the debtor to make payment or an arrangement / promise to pay. Administrative processes must be streamlined and geared to support debt collectors. In this regard, it is proposed that a back office be established to support the debt collection unit. The back office must deal with the following: -

- 3.1.11.1 Accuracy of accounts.

- 3.1.11.2 Solving of queries.
- 3.1.11.3 Ensure implementation of corrections, journals, etc.
- 3.1.11.4 Meter reading variances are addressed.
- 3.1.11.5 Account delivery and debtors' details are updated.
- 3.1.11.6 Improvement of the complete billing cycle, from meter reading, levying, accounts sorting and posting.
- 3.1.11.7 Providing account history, printouts and reconciliations.
- 3.1.11.8 Identify debtor's accounts to be followed up.

The back office will ensure that queries and complaints are centralized, and corrective measures are implemented. This office will also accelerate the collection processes because debt collectors can now focus and manage on the collection processes only.

3.1.12 Strategy on outstanding debt collection

The debt write-off was previously implemented in 2013 without yielding intended benefits, as the current debt continues to spirally increase since 2013. The following approach is thus recommended to starve insolvency and aid sustainability.

- 3.1.12.1 It is recommended that there must be NO "blanket" or "unconditional" debt write off in totality or in apportionment.
- 3.1.12.2 It is recommended that debt owed by government must be FULLY recovered and therefore no debt write-off or incentives will apply.
- 3.1.12.3 It is recommended that customers must be encouraged to service their historic and outstanding utilities debt, through agreed and written commitment.
- 3.1.12.4 It is further recommended that in-leu of customer commitment of settling outstanding debts, payment linked incentives can be offered resulting in a merited discounted debt payment value over the committed period. The following payment linked incentives are proposed:

TERM	Period 1	Period 2	Period 3
% Incentive discount	0-3 months	4-6 month	7-12 months
Business	20%	10%	5%
Domestic Households	50%	30%	15%

- 3.1.12.5 It should be noted that the above proposed incentives are payment linked.

Customers who do not make payment within 12 months will not qualify for the payment incentive. The full debt will be recovered from the customers via any applicable route the Municipality deems fit.

3.1.13 Internal Controls

Collections are about strategy and negotiations. Convenience of payments (debit orders, stop orders, internet banking, and direct deposits) can improve collection rates, but internal controls need to be in place to prevent credit card and cheque fraud. These processes will be addressed in the medium-term strategy.

3.2 MEDIUM TERM STRATEGY (6-18 MONTHS)

The strategy over the medium term will be to implement the improved systems, processes and policies. Training of staff and contractors will be necessary to ensure a common and uniform approach. Data quality should be a priority and also to ensure that all users of municipal services are billed accurately and timeously for all services consumed. Lastly the data cleansing exercise must ensure that debtor's details are accurate to ensure that all debtors receive their monthly accounts.

The same approach ("top 100") as in the short-term strategy will be applied in the medium-term strategy. Due to the number of accounts, it will take longer to address. The principle here is still to target what is perceived as collectable /recoverable.

A comprehensive deed search must be done of the entire CDM municipal area; this information must then be reconciled with the current valuation roll and debtors roll. This information must also be linked with Geographic Information System (GIS), cadastral data from the Surveyor General (SG) and Ortho photographs. Discrepancies and variances must be corrected. This exercise is time consuming and can be costly, but the results can be financially rewarding for the municipality. The data cleansing programme can start in September 2020 and can be completed within the financial year.

The profiling of consumers is important, because resources are wasted, and revenue is lost due to the fact that the municipality does not know their clients. Consumers, both commercial and residential can be categorised into various types of debtors, i.e.

STARRING	DESCRIPTION
"Gold Stars" -	Regular Payers that pay their account every month, without excuses and delays.
"Silver Stars"	Regular payers but late or with complaints /excuses. With them you need to ensure that the accurate account is delivered on time to prevent the "if not pay not" attitude.
"Bronze Stars"	Bad / slow payers, they need to be reminded, through disconnection notices, warnings, etc. They wait for the last day or day thereafter before making payment. Makes direct payments on last day, pay with cheque, post cheques, "municipality to do its work" attitude.
"Grey Stars"	They are the consumers who don't want to pay, for various reasons, ranging from dissatisfaction with level of services, payment methods not convenient for them or believing the municipality won't do anything because of capacity problems.
"Blue Stars"	They are the consumers who can't pay even if they want to. These are our indigent debtors; they must be identified and managed, because they can play a vital role, for instance, in labour intensive projects, cleaning of streets and open spaces, etc.

The debt collection strategy and programme must be focused on rehabilitating the debtor, and not to punish him /her.

Through rehabilitation we want to move "grey" debtors to "bronze", then to "silver" and "gold". In order to rehabilitate the debtor, you need to have systems and processes in place, you need to know and understand the behaviour of the debtor and then manage it accordingly. Consumer education is a must in the medium term, and education campaigns can be launched to educate the public on municipal systems, processes, payment of services, maintaining infrastructure, assets, and more.

A consumer profile can be done through house-to-house reviews during the development of the valuation roll, indigent debtors surveying, every time consumers visits /contacts the municipal offices, through competitions, etc. If the

municipality knows its consumers, we can manage them. An incentive scheme for prompt/ regular/ early payments and a debt reduction scheme should be reviewed. The challenge with both schemes is that the intentions can be good, but they can be misused.

It is therefore important that both incentive schemes be properly developed and tested before they can be rolled out.

3.3 LONG TERM STRATEGY (18 TO 36 MONTHS)

The approach over the long term is firstly to ensure that the systems, processes and policies are still effective and secondly to start collecting the remaining debt. Older debt usually takes longer to collect and is also more difficult and costly to collect. The strategy should be to maintain the interest of the debtor to prevent default on arrangements. Two options are available, namely: -

- 3.3.1 The first being the introduction of an incentive scheme to shorten the repayment period and reduce the outstanding amount.
- 3.3.2 The second option is to arrange for finance from a financial institution that can assist the debtor to consolidate his or her debt.

Both options have their pros and cons. First option may therefore only be introduced as a “once off” incentive. The second option is beneficial to the municipality, because it is perceived that consumers would rather pay a private organization than a “government” organization.

No and slow paying debtors must be closely monitored, and contact should be maintained with them. Regular reminders through SMS, e-mail, fax and telephone calls prove to be very effective and much quicker than letters and notices. A push strategy is applied with them, which means that constant reminders and punitive steps must be taken to get them to pay.

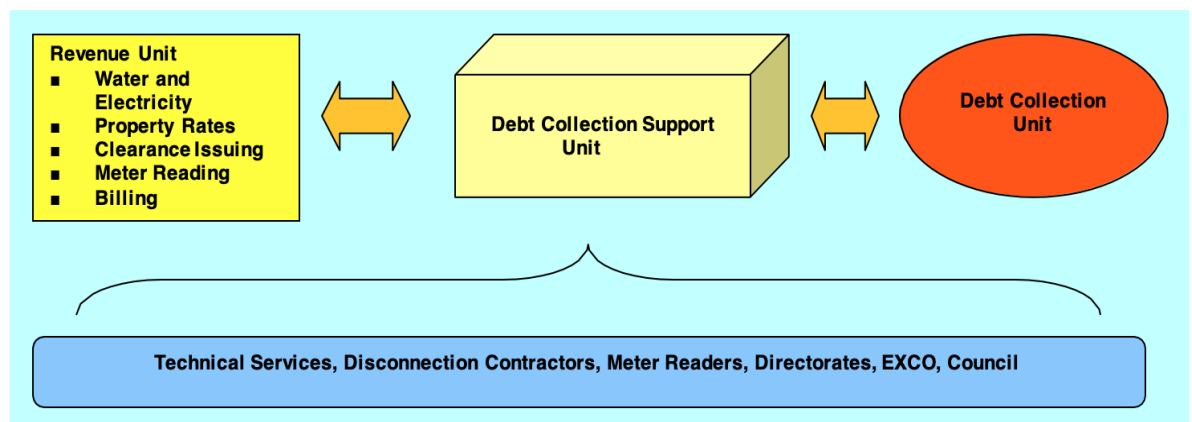
“Silver and Gold” debtors must be managed to ensure they remain “good” paying debtors. These debtors require a pull strategy, which means that we need to find out what services or products (internet banking, direct deposits, convenient payments, electronic accounts, etc.) they need to maintain and even improve their payment levels. A note thanking them for prompt and regular payments can be issued on a quarterly basis and the introduction of prize incentives.

4. RESOURCE PLAN

4.1 HUMAN RESOURCES

The debt collection processes must be separated from the queries and administrative processes and matters. The reason for this is to ensure that the unit only focuses and performs collection actions. We need to eliminate the time-consuming handling of queries and to obtain accurate records, personal and contact details of debtors. In order to achieve a systematic workflow, we proposed that the revenue unit be clustered into three separate units, comprising of the following: -

- 4.1.1 The existing revenue unit comprising water, meter reading, billing.
- 4.1.2 The reconfiguration of the debt collection section to form the Debt Collection Support section that provides back-office support (reconciliations, queries, liaison with other departments, dealing with policy, etc.) to the debt collection unit.
- 4.1.3 The existing debt collection office, with the focus on debt collection only.



The functions of the proposed units are set out below.

- 4.1.4 Debt Collection Unit (DCU)
 - 4.1.4.1 The existing debt collection unit currently comprises of one collection clerk. Additional staff members should be appointed on contract to focus on business and government debt. The staff members must dedicate their time and energy only on the allocated accounts, build the necessary relations with the respective debtors and ensure that the debts are recovered in the shortest possible time.
 - 4.1.4.2 Other staff members should be allocated a portfolio or group account. In order to actively recover the debt, we need to implement an incremental approach as discussed in Section Three. The “top 100” debtors’ strategy is proposed to start the effective collection drive.

- 4.1.4.3 The DCU must perform debt collection tasks only and not be burdened with accounting and administrative tasks. Their focus from 8 am to 4 pm should be to contact the debtor, get him / her to make an arrangement or to pay the outstanding account.
- 4.1.4.4 They should not only use the traditional collection tools, but also employ methods such as phone, fax, e-mail, SMS, registered mail, notices, personal visits, newspaper articles to create awareness, notices at schools, churches, businesses, shopping centres, etc.
- 4.1.4.5 This unit must prepare disconnection / cut off lists on arrear debt and liaise with the revenue unit on their current account disconnection / cut offs to ensure co-ordination.
- 4.1.4.6 The unit must manage arrangements and extensions, but no arrangements must be allowed on current accounts, which must be paid monthly.
- 4.1.4.7 Prepare notices to debtors notifying them of intention to blacklist them with the credit bureaus.
- 4.1.4.8 Prepare the summonses and hand over the accounts to attorneys and debt collectors, where internal collection efforts failed.
- 4.1.4.9 The staff in the unit must be performance driven and clear collection targets must be set for each staff member.
- 4.1.4.10 A project manager to be identified /appointed in the unit to drive the programme, prepares targets, produces management reports and liaises with other units and departments.
- 4.1.5 Debt Collection Support Unit (DCS)
 - 4.1.5.1 The DCS should be constituted to provide technical support to the DCU. The purpose is to provide administrative and technical support to the DCU, in order to enable the latter to focus on debt collections only.
 - 4.1.5.2 The DCS must perform the analyses, reconciliations and the updating of missing information on debtors' accounts, review deposits /security and hand over to DCU for collection. This unit becomes the back office of the debt collection programme.
 - 4.1.5.3 The analyses of the inactive and "return to sender" accounts can be reconciled by this unit and recommendations made on the finalisation thereof.
 - 4.1.5.4 Representatives can accompany the DCU to meetings with clients where queries are discussed.
 - 4.1.5.5 The unit must follow up the meter reading variances and inaccurate meters to ensure adjustments and corrections are effected on the system and debtor's account.
 - 4.1.5.6 Follow ups must be made with the revenue section on the return to drawer (RD) cheques to ensure corrective measures are taken or the account is

handed over to the DCU.

- 4.1.5.7 Follow ups must be made monthly on the posting of accounts, to ensure all accounts are posted on time and “return to sender” accounts are eliminated.
- 4.1.5.8 Follow ups should be made on clearance certificate problems, where payments were not received, sureties not presented, and all arrears not listed.

4.2 TECHNOLOGY AND SUPPORT SYSTEMS

An effective debt collection programme comprises of three main components, namely:

- 4.2.1 Legislative framework that creates a conducive environment and uniform approach.
- 4.2.2 Human resources component with skilled and dedicated staff.
- 4.2.3 Effective utilization of Technology.

Various computerized debt management systems exist in the market. It is imperative that Council investigates these systems for implementation to ensure efficient debt collection.

5. PROPOSED ACTION PLAN

Key Performance Area (KPA)		Action Needed	Short Term	Medium Term	Long Term
1	Billing				
1.1	<u>Application for Services</u>				
1.1.1	Application forms / service level agreements (SLA)	SLA must be filled in and signed. All relevant information must be collected. Ensure that previous consumers debt is paid in full.	New SLA	Review and update	Review and update
1.1.2	Documentation required	Check Lists for: Id book, Driver's License, Passport, Application form, Spouse / partners details, Letter from owner. Company registration certificate. Letter of authorization, directors, partners details, references, contact details, next of kin information.	Checklists	Electronic copies, scan, safe and link to account	Electronic copies, scan, safe and link to account.
1.1.3	Screening / verification	Credit and information verification. Contact employer, references, etc.	use 3rd party	Perform in-house, online, real time	Perform in-house, online, real time.
1.1.4	Deposits	At least average of three months account.	Annual review	Six monthly reviews	Quarterly review
1.2	<u>Meter Reading</u>				
1.2.1	Meter Books	Read by hand/ electronic	Introduce printed books with no history	Electronic reading of all meters	Electronic readings
1.2.2	Capturing / loading of readings	Capture by hand/ load electronic,	Manual	Electronic	Electronic

Key Performance Area (KPA)		Action Needed	Short Term	Medium Term	Long Term
1.2.3	Variances / exceptions	<p>The admin division is supposed to verify exception reports, but due to insufficient staff a lot of rectifications do not take place. The result is that incorrect accounts are send to consumers.</p> <p>Consumers not placing reliance on accounts, not paying accounts. Harm the relationship between council and consumers.</p>	Unit to be established to provide support to address variances	Setting of variance target of not more than 95%	Setting of variance target of not more than 95%
1.2.4	Special Readings	Special readings must be done on the same day when a consumer gives notice that they are moving in or out of a residence. The consumer must verify the special reading and sign for the correctness thereof.	DCS unit to monitor and support	Notice period of 24 hours to be given by consumers.	Notice period of 24 hours to be given by consumers
1.3	Indigent Accounts	Processes for implementation must be set up according to the council's current staff structure.	Electronic verification (sifting) of current indigent register	New indigent register to be compiled, via application and / or surveying	Annual reviews to be conducted
1.4	Rendering and payment of accounts				
1.4.1	Household consumers	Accounts are finalised on the 15th of the month	Update details	Data cleansing	Monthly updates
1.4.2	Bulk consumers and Businesses	Accounts are finalised on the 15th of the month	Update details Confirm receipt and follow up	Electronic delivery of accounts, incentives for early	Electronic delivery of accounts, incentives for early

Key Performance Area (KPA)		Action Needed	Short Term	Medium Term	Long Term
			payment	payments	payments
1.4.3	Posting of accounts	15th of each month.	Ensure accuracy and early delivery	Data cleansing. Need to review distribution channel of accounts, intro technology (e-mail, website, SMS)	Regular updates of personal information
1.4.4	Return to Sender / inactive accounts	Council must try and trace these consumers- if no success then uses ITC. Consumers must be traced to do the corrections and to clean up the database.	Send final notice of 28 days, list debit balance accounts with credit bureaus	Data cleansing	Regular updates of personal information
1.4.5	Payment due date	7th of each month.	Geared up to ensure cut off after due date All payments receipted	Sending of reminders (phone, SMS, e-mail, notices) before due date- pro	Sending of reminders (phone, SMS, e- mail, notices) before due date-pro

Key Performance Area (KPA)		Action Needed	Short Term	Medium Term	Long Term
				active	active
1.4.6	Print Notices /reminders on accounts	8th of each month and deliver by hand.	Ensure all notices issued on time	Review account lay out to print notice with account	Update and maintain.
1.4.7	Incentive Policy	Policy must be reviewed.	New policy to be adopted	Review and update	Review and update
1.4.8	Cut -off list on current accounts	Print final cut off list, disconnect and deliver cut- off letter to consumer.	Disconnect and spot checks for illegal reconnections	Stricter measures for illegal reconnections	Stricter measures for illegal reconnections
2	Credit Control				
2.1	<u>Reminders</u>				
2.1.1	Call, SMS, E-mail, Fax, Flyers, Radio, letters	Currently the system prints warning letters to consumer if arrangements were not met. Other methods should be implemented such as calls, SMS, e-mail etc.	More cost-effective measures to be explored	Introduction of technology	Maintain and improve
2.2	<u>Payments /receipts</u>				
2.2.1	Direct Deposits, Internet payments, cheques	Must be captured on a daily basis.	Correct receipting needed, clear suspense	Electronic payments to be encouraged and internal	Continuous Improvement

Key Performance Area (KPA)		Action Needed	Short Term	Medium Term	Long Term
			account	systems geared up	
2.3	Disconnections				
2.3.1	Interim Cut off lists	This function is not done effectively due to insufficient staff	Interim cut off lists can assist in contacting / warning the debtor of due date. Notices can be done through bulk SMS's	Proactive approach needed; more cost effective	Early warning electronic system needed
2.3.2	Electronically prepared Cut Off Lists	16th of each month and deliver by hand.	Ensure all defaulters on lists. Then targeted approach can be followed	Reduce number of defaulters on lists Stricter penalties for defaulting	Reduce number of defaulters on lists. Stricter penalties for defaulting
2.3.3	Submission to Cut Off Contractors and Supervisors	16th of each month and deliver by hand.	Ensure all disconnections done	Ensure all disconnections done	Ensure all disconnections done
2.3.4	Reports, meter number, reading, notes	n/a	Feedback from contractors to be analysed	Feedback from contractors to be analysed	Feedback from contractors to be analysed

Key Performance Area (KPA)		Action Needed	Short Term	Medium Term	Long Term
			and used	and used	and used
2.3.5	Follow up, spot checks	This is not done due to under staff. Must be on daily basis and cut-offs to follow, ITC, garnishee orders, Sale in execution as a last resort. Policy should be drafted to streamline the process and procedures.	After hours spot- checks, get photo, and witness, remove cables	Follow up a must, heavy penalties, criminal proceedings, ITC	Follow up a must, heavy penalties, criminal proceedings, ITC
3	Debt Collection				
3.1	Reminders - phone, SMS, e- mail, fax, flyers, radio	9th of each month a reminder is send out by hand to warn people off cut-off dates on current accounts.	Proactive System to be introduced	Expand and improve	Expand and improve
3.2	Disconnection Notice	16th of the month on arrear accounts.	Ensure weekly disconnections and follow ups /spot checks. If no reaction list with credit bureaus	Ensure weekly disconnections and follow ups /spot checks. If no reaction list with credit bureaus	Ensure weekly disconnections and follow ups /Spot checks. If no reaction list with credit bureaus
3.2.1	Notice for disconnection and listing with credit bureau	Consumers must notify council if they are going to leave / vacate the premise by filling in a disconnection for services. Account must be settled in full, if not ITC	Minimum of 24 hours' notice to take final readings and process final	Checks and balances be introduced before final credits paid out	

Key Performance Area (KPA)		Action Needed	Short Term	Medium Term	Long Term
			accounts		
3.2.2	Block pre-paid sales	Still to be implemented where possible. The CDM System and the Vending company handling the pre-paid sales to explore the possibility of integrating pre-paid sales with debtor's accounts.	Explore blocking of pre-paid sales if consumer account is in arrears	Encourage installation of pre-paid meters	
3.3	Disconnect meter box and pole	If consumer has been cut-off at meter box and he/she tampered with the meter, the supply will be cut-off on the pole and a tampering fee is payable. Legal action must follow.	Follow up and enforce, send clear message to culprits	Follow up and enforce, send clear message to culprits	Follow up and enforce, send clear message to culprits
3.6	Issue Letter of Demand (LOD)	Debt collection action needs to be followed up after previous steps did not produce the desired results.	System needs to generate LOD, after other steps completed. To source software, set up the system and train staff	Complete in-house service	Complete in-house service
3.7	Obtain Garnish Order	Debt collection action needs to be followed up after previous steps did not produce the desired results.	System generated	Complete in-house service	Complete in-house service

Key Performance Area (KPA)		Action Needed	Short Term	Medium Term	Long Term
3.8	Sale in execution	Debt collection action needs to be followed up after previous steps did not produce the desired results.	System generated	Complete in-house service	Complete in-house service

6. PROPOSED COMMUNITY STRATEGY

The success of the revenue enhancement programme is based on three pillars, namely:

- political and administrative buy-in,
- accurate data and
- effective communication.

The development of a communication strategy is to ensure that roles, responsibilities and tasks are properly coordinated and managed. The communication strategy is focused on the revenue enhancement programme and the services that flow from it.

The strategy must be incorporated into the municipalities existing communication programme with its stakeholders. This strategy does not replace existing communication methods and practices but complements it.

6.1 STAKEHOLDER ANALYSIS

The main stakeholders of the district should be classified into five main groups, namely:

- 6.1.1 residential consumers,
- 6.1.2 management,
- 6.1.3 council,
- 6.1.4 government departments and
- 6.1.5 the business community.

The various stakeholders have different information needs. The challenge in addressing their needs is to ensure that the right information is available at the right time for each stakeholder.

The objective of information sharing is also to gain specific action or decisions from each stakeholder. When information is given to management it is two reasons; to inform and to obtain decisions. The same principle applies to most of the other stakeholders except for residents and for businesses. In this instance we want to communicate plans, programmes, decision of council and matters that can or will affect them. The approach here is to select the right platform, media and intervals.

The communication channels to be used will therefore differ between the stakeholders. Communication channels will range from public meetings, ward committee meetings,

management and council meetings, newsletters, flyers, articles in the local newspapers, publications in journals, national magazines, radio talk shows and even television coverage can be done. Strategies will also be employed to create an interest in the articles to be submitted.

6.2 COMMUNICATION STRATEGY

6.2.1 Consumers

6.2.1.1 Information collection and dissemination

6.2.1.1.1 Information on the revenue enhancement programme.

6.2.1.1.2 Informing them about credit control, debt collection and indigent support programmes and policies.

6.2.1.1.3 Information regarding the importance of paying for municipal services.

6.2.1.1.4 Information regarding actions to be instituted against non-payment and defaulting clients.

6.2.1.1.5 Information of consumer complaints and feedback from the public on how to improve services and client relations.

6.2.1.2 Communication Channels

6.2.1.2.1 Local media, where on a fortnightly basis an article is published in the local newspapers.

6.2.1.2.2 Newsletters and flyers are circulated before collection drive start to encourage consumers to come in and make arrangements / pay their accounts.

6.2.1.2.3 Monthly a notice can be printed on the municipal account with different messages.

6.2.1.2.4 Attendance at ward committee meetings where consumer complaints and suggestions are heard and attended to. This platform must also be used to communicate the importance of paying municipal accounts and actions to be taken against defaulters.

6.2.1.3 Programme

6.2.1.3.1 Articles must be drafted for publication in the above-mentioned newspapers.

6.2.1.3.2 Dates for ward committee meetings to be obtained to present the objective and roll out of the revenue enhancement programme. Once dates obtained the consortium and municipal management should be present at these meetings.

6.2.1.3.3 Flyers to be issued with the monthly accounts – flyers to inform consumers to come to municipality if they don't receive accounts, incorrect accounts and to make arrangements to pay account.

6.2.2 Management

6.2.2.1 Information collection and dissemination

- 6.2.2.1.1 Information on the revenue enhancement programme.
- 6.2.2.1.2 Information about other programmes and support mechanisms. This will assist with coordination and integration of initiatives. Revenue Management is not a Finance Directorate function, but a function of management and politicians.
- 6.2.2.1.3 Information of consumer complaints and feedback from the public on how to improve services and client relations.
- 6.2.2.1.4 Information for management decisions to fast track the implementation and to unblock bottle necks.

6.2.2.2 Communication Channels

- 6.2.2.2.1 Project Steering Committee that meets/ sits fortnightly.
- 6.2.2.2.2 Management Meetings on a monthly basis.
- 6.2.2.2.3 Attendance of ward committee meetings, meetings with the local business chamber, meetings with government departments, and other stakeholders where issues affecting the revenue enhancement programme is discussed.
- 6.2.2.2.4 Radio Interviews.

6.2.2.3 Programme

- 6.2.2.3.1 Project Steering Committee meetings should be held every second week, dates to be determined.
- 6.2.2.3.2 Management meetings for 2020/21.
- 6.2.2.3.3 Dates for ward committee meetings to be obtained to present the objective and roll out of the revenue enhancement programme. Once dates obtained the consortium and Municipal Management should be present at these meetings.
- 6.2.2.3.4 Radio Interview accompanied by Senior Politicians.

6.2.3 Council

6.2.3.1 Information collection and dissemination

- 6.2.3.1.1 Information on the revenue enhancement programme.
- 6.2.3.1.2 Informing Council about credit control, debt collection, and indigent support programmes and policies. Council resolutions needed.
- 6.2.3.1.3 Information regarding the importance of paying for municipal services. Councillors advocating payment for services and support for the revenue enhancement.
- 6.2.3.1.4 Information of consumer complaints and feedback from the public on how to improve services and client relations.

6.2.3.2 Communication Channels

- 6.2.3.2.1 Attendance at ward committee meetings where consumer complaints and suggestions are heard and attended to. This platform must also be used to communicate the importance of paying municipal accounts and actions to be taken against defaulters.
- 6.2.3.2.2 Standing item of EXCO and council agendas where progress, problems and decisions needed should be communicated.

6.2.3.3 Programme

- 6.2.3.3.1 Dates for Ward Councillor public meetings to be obtained to present the objective and roll out of the revenue enhancement programme.
- 6.2.3.3.2 Committees, EXCO and Council meetings scheduled for 2020/21.

6.2.4 Government

6.2.4.1 Information collection and dissemination

- 6.2.4.1.1 Information on the revenue enhancement programme.
- 6.2.4.1.2 Informing on outstanding government debt.
- 6.2.4.1.3 Information on disputes on ownership of land / buildings and amounts.
- 6.2.4.1.4 Information on staff employed in departments.

6.2.4.2 Communication Channels

- 6.2.4.2.1 Meetings with responsible officials and management to develop open communication channels.
- 6.2.4.2.2 Sending accurate accounts to the right department and responsible official for payment.
- 6.2.4.2.3 Presenting information and accounts in the required formats.
- 6.2.4.2.4 Sending confirmations of payments received, and correct allocation / receipting. (Unallocated deposits, incorrect receipts, etc.)
- 6.2.4.2.5 Placing an article in newspaper about how government debt was resolved, and support received from the relevant department.

6.2.4.3 Programme

- 6.2.4.3.1 Weekly visits to the affected departments to address queries and complaints.
- 6.2.4.3.2 Daily follow ups until all queries addressed and payments affected.
- 6.2.4.3.3 Monthly hand delivery of accounts to identified official and manager for prompt payment.

6.2.5 Business

6.2.5.1 Information collection and dissemination

- 6.2.5.1.1 Information on the revenue enhancement programme.
- 6.2.5.1.2 Informing business about credit control, debt collection, and indigent support programmes and policies.
- 6.2.5.1.3 Information regarding the importance of paying for municipal services.
- 6.2.5.1.4 Information regarding actions to be instituted against non-payers and defaulters.
- 6.2.5.1.5 Information of complaints and feedback from the business on how to improve services and client relations.
- 6.2.5.1.6 Information on staff employed in business, branches, etc.

6.2.5.2 Communication Channels

- 6.2.5.2.1 Meeting with Business Chamber to brief them and obtain buy in.
- 6.2.5.2.2 Newsletters and flyers for advertisement and sponsorship by business.
- 6.2.5.2.3 Monthly accounts to be reviewed to make provision for adverts and marketing by local and national business.
- 6.2.5.2.4 Attendance of monthly business chamber meetings.

6.2.5.3 Programme

- 6.2.5.3.1 Meeting with business chamber initially and thereafter monthly.
- 6.2.5.3.2 Newsletters and flyers.
- 6.2.5.3.3 Monthly accounts to be redesigned.

6.2.6 Examples of information on Posters / Banners and Flyers

- 6.2.6.1 Feel like you're always in the dark? Pay for your municipal services and see the light.
- 6.2.6.2 "With great power comes great responsibility". Paying for municipal services not only puts the power in your hands, but also in your home.
- 6.2.6.3 By paying on time, you won't waste a dime.
- 6.2.6.4 If you pay your account, the interest won't mount. Move that butt before your power gets cut.
- 6.2.6.5 Don't be a slouch, open that money pouch – Pay your account.
- 6.2.6.6 Why wait and risk being late? An account in arrears only brings tears.
- 6.2.6.7 By paying for municipal services, you help us make your life more comfortable. Water = life, non-payment = no water, Make the right choice!
- 6.2.6.8 Let your word be your bond – Pay your account.

7. ANNEXURES

7.1 ANNEXURE A: WORKFLOW CHART OF REVENUE MANAGEMENT CYCLE

