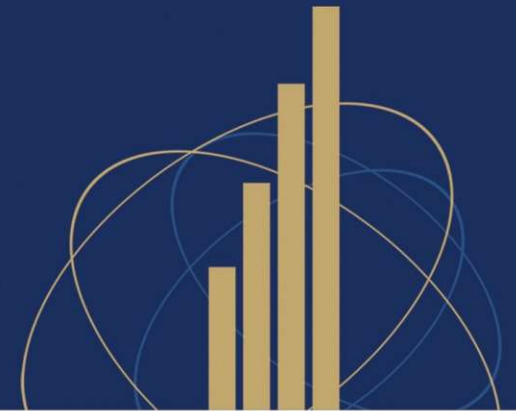




SALGA Billing and Debt Study: Policy & Best Practice for Local Authorities

Presenter: Mr. James Matsie,



CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

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SALGA Mandate

SALGA MANDATE

Transform local government to enable it to fulfil its developmental mandate.

Lobby, Advocate & Represent

Lobby, advocate, protect and represent the interest of local government at relevant structures and platforms.

Employer Body

Act as an employer body representing all municipal members and, by agreement, associate members.

Capacity Building

Build the capacity of the municipality as an institution as well as leadership and technical capacity of both Councillors and Officials.

Support & Advice

Support and advise our members on a range of issues to assist effective execution of their mandate.

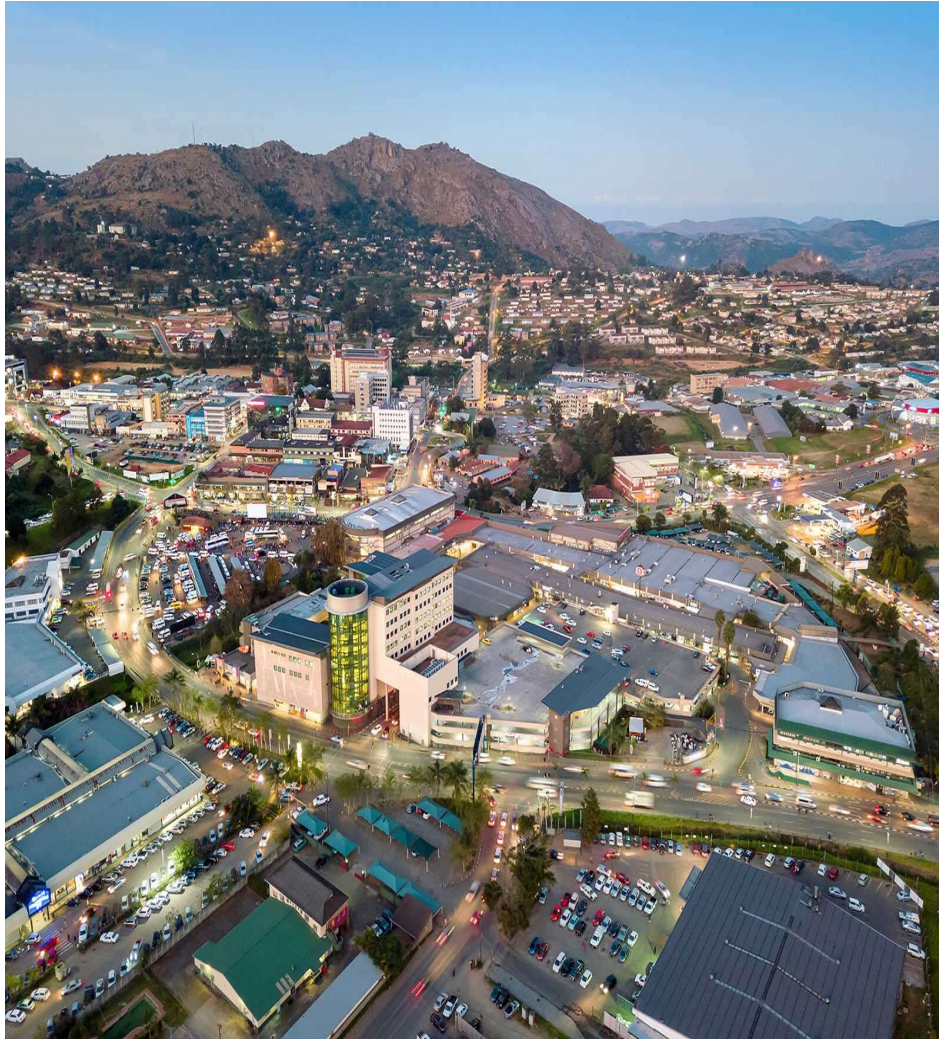
Strategic Profiling

Build the profile and image of local government within South Africa as well as outside the country.

Knowledge & Information Sharing

Serve as the custodian of local government intelligence and the knowledge hub and centre of local government intelligence for the sector.

Presentation Context



SALGA Study

Applicability to eSwatini

Recommendations

Comparison of the LG Systems



ZA LG Structure

- Two tier (local and district)



eSwatini LG Structure (Source:

Mkhonta, 2007: Marrengane, 2021)

- Two tier (urban - 16 and Tinkundla – 59?)
- Chieftdom

Background (1)

SALGA commissioned this study to identify the key drivers of municipal consumer debt in South Africa and possible remedial measures to address such challenges.

Such remedial measures were to be identified from national and international best practice, including new and innovative ways used by certain municipalities to recover and minimise their consumer debt levels.

Specifically, the current poor practices in municipal billing were to be assessed and remedied through this study.

The paper undertook a comprehensive review of the then state of municipal consumer debt,

- a literature review and analysis on the key drivers of debt
- the reasons for non-payment of debt and the best and worst performing municipalities in their revenue management.
- Further analysis using a total of six municipalities as case studies.

Background (2)

Local government is the frontline of service delivery in South Africa.

Revenue from services (water, electricity, refuse) is vital.

As of 2023/24, municipal consumer debt Above R 350 Billion (2014/13 Above R 100 Billion)

Challenge: Non-payment threatens municipal viability.

Study goal: Understand causes of non-payment and propose solutions.

Two-pronged methodology:

National Data Analysis

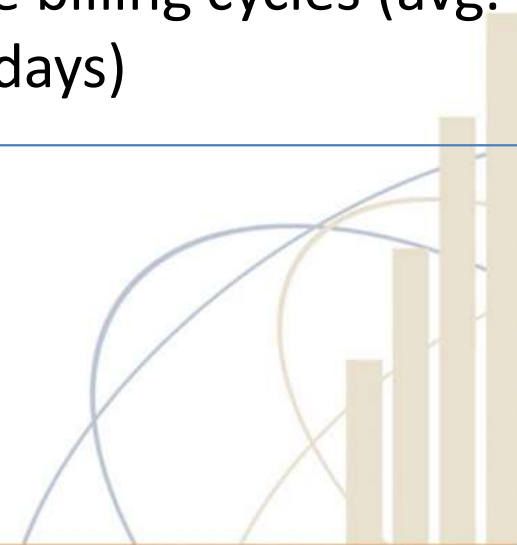
- Secondary data analysis. Debt segmentation (customer groups, services, geography)
- Regression analysis: Debt vs. unemployment ($r=0.72$), Gini coefficient ($r=0.61$).

Case Studies (6 Municipalities)

- Case studies (6 municipalities: metro, secondary city, rural, district).
- **Metro A:** High debt (R8.2bn) but strong credit control. (COJ, eTH)
- **Rural B:** 92% household non-payment; cost-to-collect ratio = 1:0.7. (Alb Luth, Uthuk)
- **Secondary City C:** Eskom supply area → 38% lower collection rate. (Ste Tshw, OverStr)

Key Findings – Data Analysis (1)

| Driver | Household | Business/Government |
|-----------------------------|-------------------------------|---------------------------------------|
| Inability to Pay | 58% below FBS threshold | N/A |
| Unwillingness to Pay | 42% (billing errors, protest) | 73% (incorrect tariffs, IGR disputes) |
| Systemic Failures | No metering (32% rural) | Late billing cycles (avg. 67 days) |



Key Findings – Data Analysis (2)

Households: Main contributors to debt

Highest unpaid service: Water

Debt strongly linked to poverty, unemployment, inequality

Non-payment = inability *and* unwillingness

Post-2008: Free basic services expanded, but billing systems often weak

Key Findings – Case Studies (3)

Revenue management is a multi-step chain; failure in one step affects all.

Even with good policies, implementation often fails due to:

- Lack of skilled personnel
- Inaccurate data
- Outdated systems

Effective municipalities had:

- Accurate customer data
- Consolidated accounts
- Regular meter readings

Key Findings – Data Analysis

Households: Main contributors to debt

Highest unpaid service: Water

Debt strongly linked to poverty, unemployment, inequality

Non-payment = inability *and* unwillingness

Post-2008: Free basic services expanded, but billing systems often weak

Success Factors & Best Practices

Consolidated billing enhances control & collection

Valuation-based indigent targeting improves inclusion

Accurate metering essential (smart/prepaid meters helpful)

Strong administrative capacity more important than system type

Recommended Interventions

Back to Basics: Adhere to core billing and credit control principles

Redirect Capacity Grants: Use to improve metering, data, and planning

Amend Legislation: Remove 2-year limit on recovering arrears (Sec 118.b of the MSA)

Standardise: Service Delivery Agreements with Eskom

National Defaulters Database: Blacklist and limit ability to conduct business with the state.

Institutional Innovations

National customer data working group (SALGA, Deeds, Home Affairs)

Standardised billing system for small municipalities

National defaulters' database linked to clearance certificates

Develop standard Service Delivery Agreements (SDA) with Eskom

Applicability to eSwatini

Similar challenges: Customer data, debt recovery, low payment culture

eSwatini decentralisation context: Municipalities will need systems & frameworks

Apply lessons:

- Design national frameworks for billing & debt
- Strengthen data quality & digital access
- Train municipal staff in revenue management

Applicability to eSwatini

Revenue-Raising Powers

- Urban Councils (Municipalities):
 - Property Rates: Primary source of local revenue.
 - Licenses & Permits: Business licenses, building permits.
 - Deficit Budgets: Allowed if sustainable (per Urban Government Act 1969).
- Tinkhundla (Rural Councils):
 - No Revenue Powers: Fully funded by national grants:
 - Empowerment Fund
 - Regional Development Fund

Key Functional Responsibilities

- Urban Councils:
 - Service Delivery: Refuse collection, town planning.
 - Infrastructure: Urban roads, parks, cemeteries.
 - Regulation: Environmental protection, slaughterhouses.
- Tinkhundla:
 - Limited Services: Focus on local economic development projects (funded by grants).
 - Coordination: Implement national programs (e.g., SDGs, HIV/AIDS response).

Regulatory Impediments

Eswatini Sunday

BUILDING BAN FRUSTRATES MBABANE RESIDENTS-MAYOR

Urban Planning • Society

2 Mar 2025 [+2 more](#)



3 Mbabane Mayor Thulani Mkhonto.

The longstanding building ban in Mbabane is causing frustration among residents eager to improve their homes, according to the Municipal Council of Mbabane. The Council has acknowledged the growing concerns and is working on rectifying the situation.

Mayor Thulani Mkhonto expressed

concern over the issue, stating that many residents want to develop their properties legally but are hindered by a government-imposed ban dating back to 1982.

The restriction was introduced by the then Minister of Housing and Urban Development, to regulate urban growth. However, decades later, the ban remains in place, limiting development opportunities in

Recommendations for eSwatini

Establish a central policy unit to support municipalities

Build basic billing capacity (legal, technical, financial)

Explore intergovernmental frameworks for shared services
(billing hubs, IT systems)

Inter-Country Learnings



Complete Fiscal Federalism

- Are indigent programmes managed effectively?
- Should municipalities be providing utility services (Eskom and WB debts)
- Tribal Authority, our own Tinkundla?



Decentr in Transition and Devol in Progress

- How far do you want to take it?
- Information Symmetry through legislation, MFMA Section 71.
- Property rates to leverage land based financing

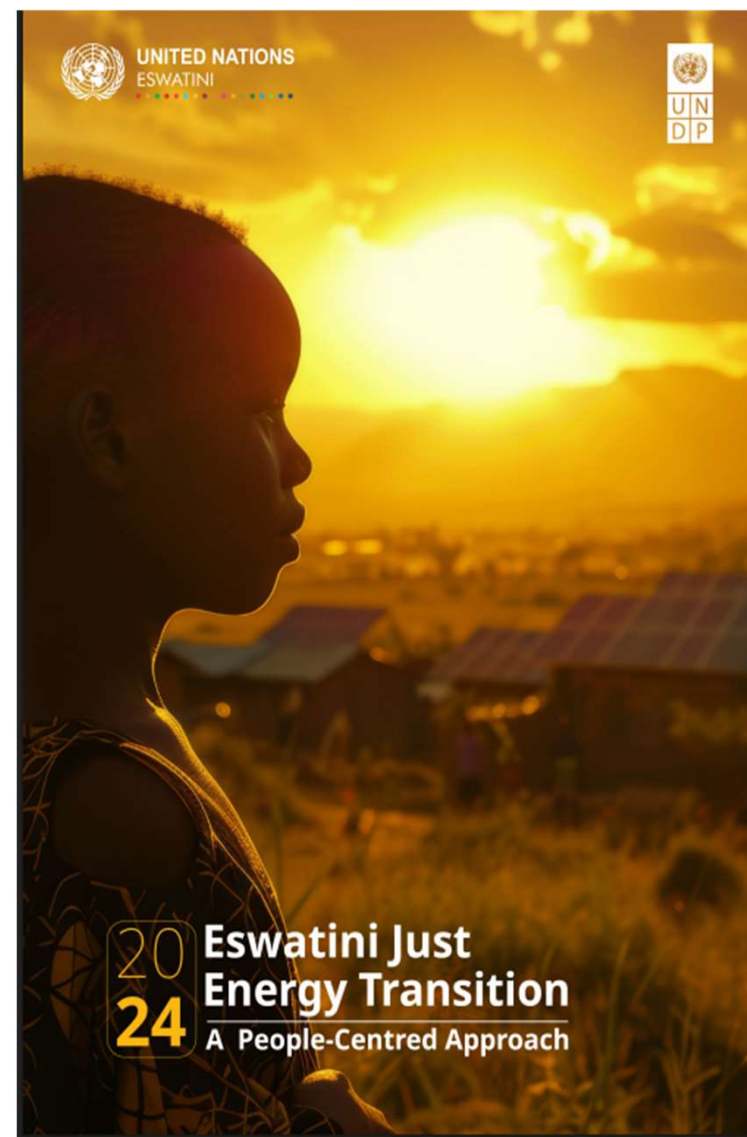
Innovative Decentralisation

Globally state owned vertically integrated utilities are dying

ESKOM – energy supplier, reliability, 2025 contract (Hastie, 2023)

Urban Councils can explore decentralised energy distribution models

- Advocate energy decentralisation policies
- Align to global sustainability initiatives (SDGs)
- Technology and infrastructure (mini grids, etc)
- Distributed urban solar implements (Roof top solar in Manzini/Mbabane)
- Access finance , grants and blended finance



Conclusion

Has the SALGA Billing Study failed to improve municipalities?

Trust is built through accurate billing, consistent systems, and transparent practices.

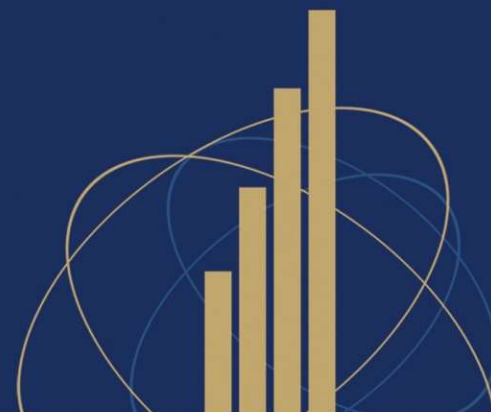
Strong institutions and clear enforcement create fairness.

SALGA's experience = valuable foundation for eSwatini's organised local government reforms.

Let's partner across borders to strengthen local financial sustainability.



Thank You!



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