



Municipal Finance in Practice – Rotation Session :

Revenue Management

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Date: 25 May 2026



PRESENTATION CONTENT

**1. Billing
Systems &
Revenue
Sources**

**2. Debt
Collection
Strategies**

**3. Indigent
Policies**

**4. Why
municipalities
struggle to
collect revenue**

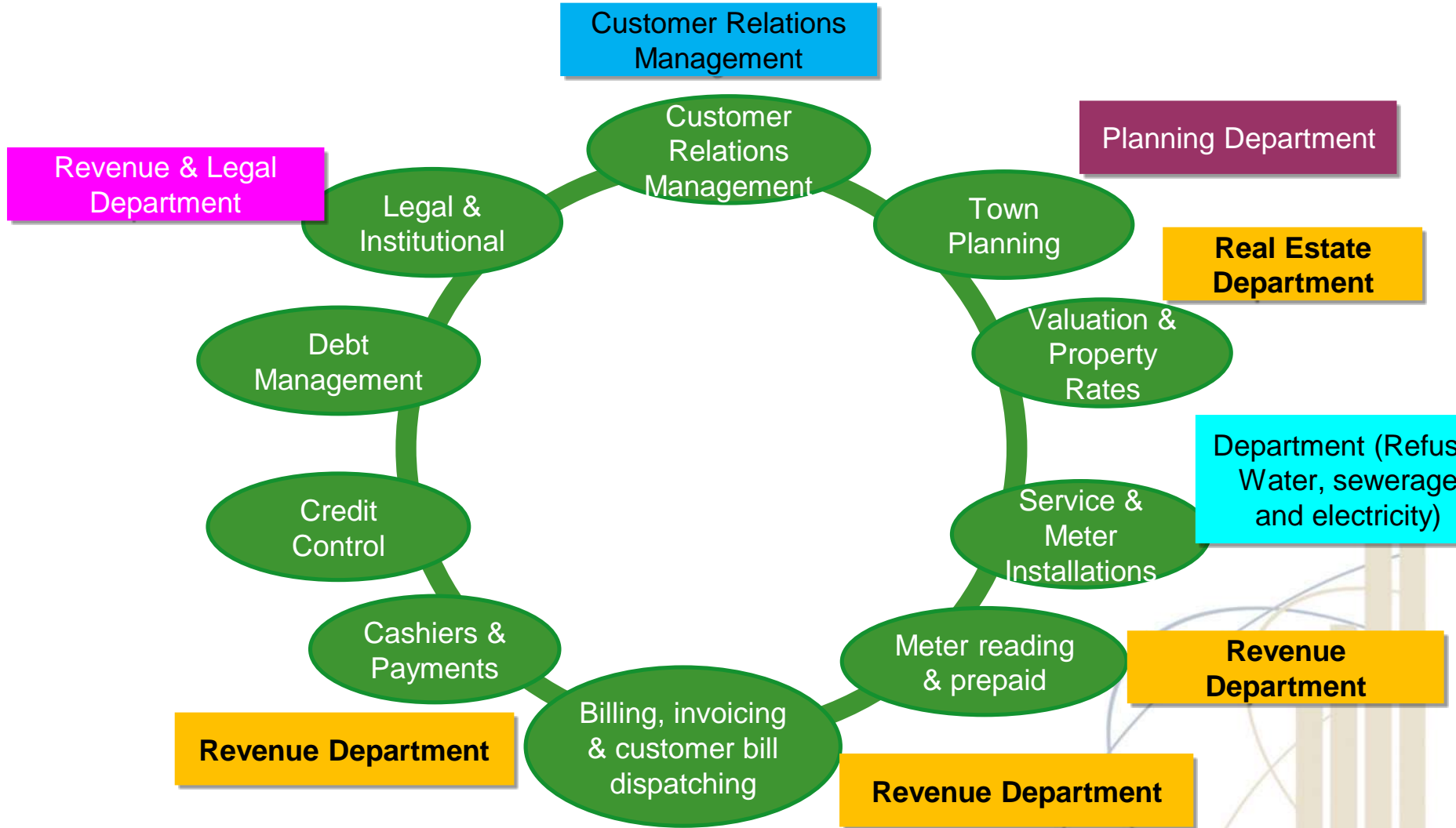


BILLING SYSTEMS & REVENUE SOURCES:

- To ensure revenue generation and collection, the municipality must have effective revenue management systems in place with sufficient and effective internal controls.
- These revenue management systems must be fully integrated to all systems that contributes to revenue generation, for an example; property market values are a base for property tax revenue, therefore the valuation roll system holding all property information should be fully integrated to the billing system to ensure property rates revenue is effectively account for.

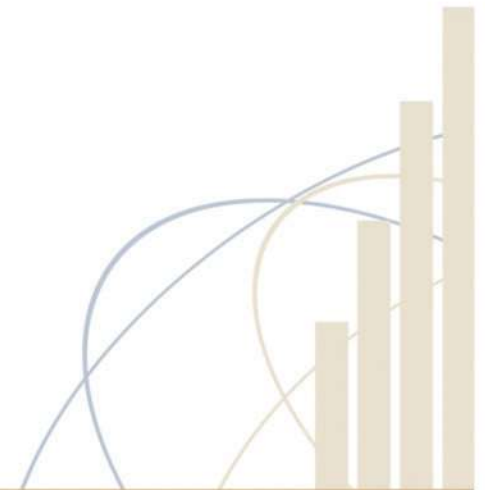


REVENUE VALUE CHAIN

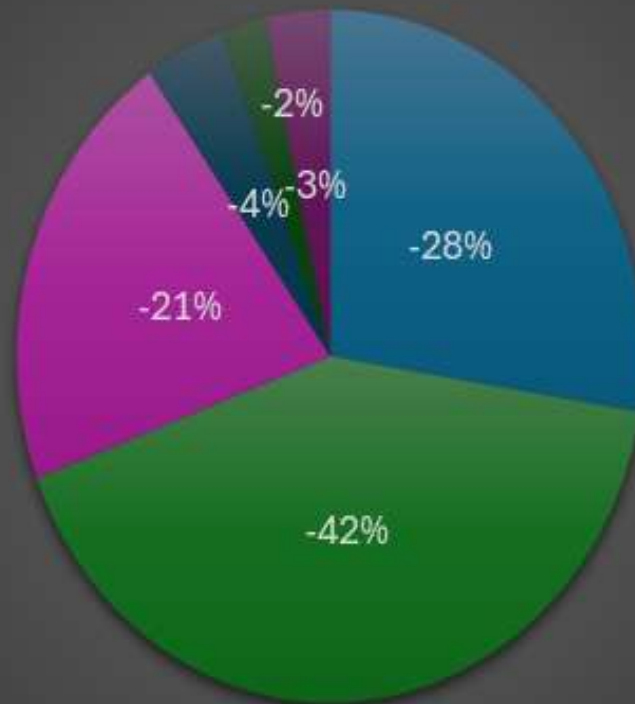


KEY REVENUE SOURCES:

- **Trading Services:** Income from the provision of water, sanitation, domestic refuse and electricity. This accounts for the largest share of municipal revenue.
- **Property Rates:** Taxes levied on the property market values using applicable rate randage based on property categories, which are used to fund general municipal services like roads, parks, subsidizing qualifying indigent households and other subsidized services.
- **Other Own Revenue:** Additional funds generated from traffic fines, municipal facility rentals, billboard advertising, and interest charged on outstanding accounts.



APRIL 2026 BILLING PER SERVICE (%)



■ Rates ■ Electricity ■ Water ■ Sanitation ■ Refuse ■ Sundries

REVENUE MANAGEMENT

CUSTOMER-FACING DIGITAL PLATFORMS

611 111

370 955

R1.94M

Mar 2025

Customers enrolled

Monthly e-bills sent

Monthly postage saving

Manual postage stopped

e-Services Portal

- Update account information
- Capture and submit meter readings
- View and download utility bills
- Pay via Masterpass, QR Code or Direct Debit
- Register using SARS-linked data migration

eThekwini Mobile App

- Linked to e-Services — enrol on portal first
- Full account management on mobile
- Complements portal functionality for on-the-go access

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- No smartphone or data connection required
- Works on any basic mobile handset
- Simple step-by-step menu navigation
- Secure temporary session per call
- Instant, low-cost responses

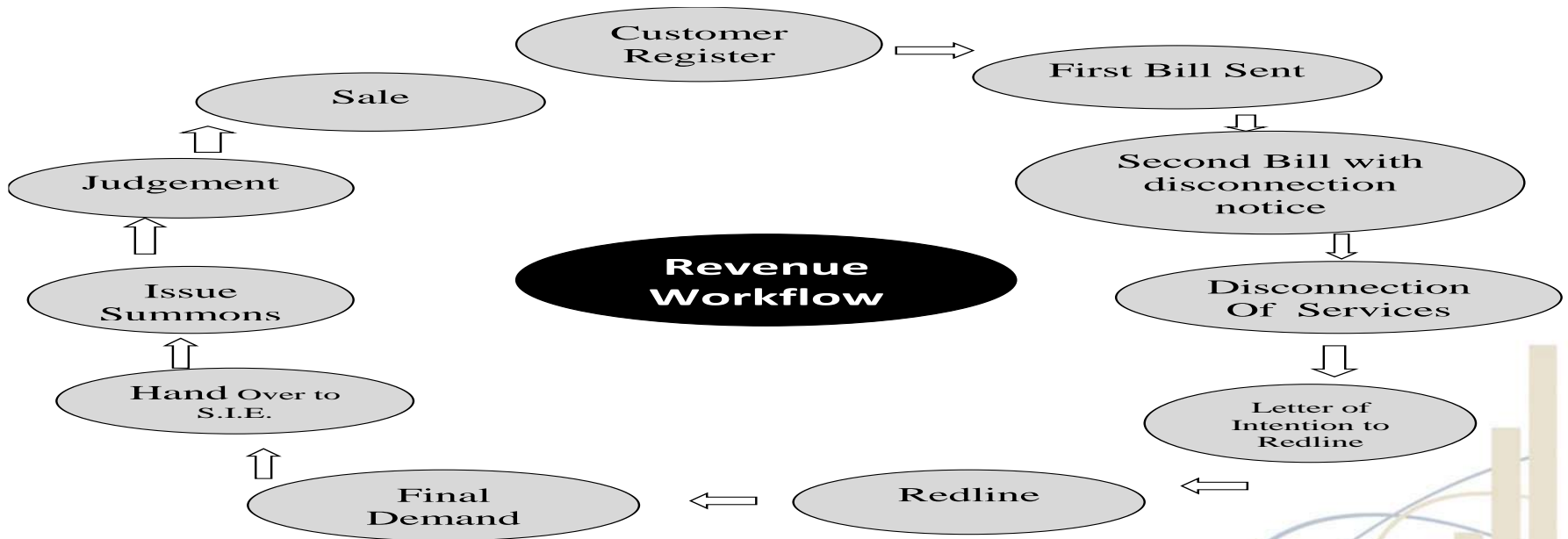
WhatsApp Channel

- Receives PDF bills and images directly
- Two-way communication with the municipality
- Instant delivery with read receipts
- Multilingual interactive menus
- Verified secure municipal profile

REVENUE MANAGEMENT

DEBT COLLECTION STRATEGIES

COLLECTION PROCESS



REVENUE MANAGEMENT



DEBT COLLECTION STRATEGIES

ITEM	ACTIONS	REMARKS
Debtors Categorisation	<ul style="list-style-type: none"> • Focus on collectable debt based on property value • Ensure that top value accounts are free of disputes • Electricity, water & Metro Police to avail resources to assist on the recovery campaign 	<ul style="list-style-type: none"> • Target debtors with high property values • Target debtors with high consumption of electricity and water; (bulk supplies) • Embark on target disconnection drive • Involve political and senior administration leadership as awareness on importance to pay municipal accounts
Electricity Pre-paid 80/20 payment plans	<ul style="list-style-type: none"> • 80/20 agreements should be assessed before concluded. 	<ul style="list-style-type: none"> • Ensure agreements are calculated to settle debt within 36 months. • Allow multiple agreements where no cancelations of Credit agreements should be done. • Ensure alignment and timely reconciliations between RMS and Pre-paid systems
Data Cleansing	<ul style="list-style-type: none"> • Embark on a data cleansing of both customer information and age-analysis 	<ul style="list-style-type: none"> • Each team member within the municipality attending to customer to ensure he obtains & captures latest customer information for easy debt collection • Credit control to have a team scrutinizing the age analysis to identify prescribed debt & any other irrecoverable debt

REVENUE MANAGEMENT



Debt Collection Strategies

ITEM	ACTIONS	REMARKS
Debt Arrest	<ul style="list-style-type: none"> Credit control teams to follow up all debts as soon as 30 days. 	<ul style="list-style-type: none"> SOP for credit control to be annually reviewed and approved by the Head: revenue ; Credit control to have a designated team working on this debt arrest; Each team member allocated 50 accounts per day to pursue
Property values on indigent threshold	<ul style="list-style-type: none"> Identification of all properties on indigent threshold listing of customer details listing of amounts owed 	<ul style="list-style-type: none"> Each team to have a list of accounts where property value is less than R750k Contact to be done to customers to apply as an indigent based on stipulated qualifying criteria
E-services accounts (debt follow up messages)	<ul style="list-style-type: none"> Identification and listing of customers on arrears registered on e-services 	<ul style="list-style-type: none"> Monthly report of accounts in arrears on eservices to send follow up bulk messages & emails
Deceased Estates	<ul style="list-style-type: none"> Identification and analysis of all deceased estates Preparation of a report to council on how best to deal with deceased estates older than 18 months 	<ul style="list-style-type: none"> Analytical review process Identify deceased estates and make recommendations to council Presentation of the report to council for consideration

REVENUE MANAGEMENT



Debt Collection Strategies

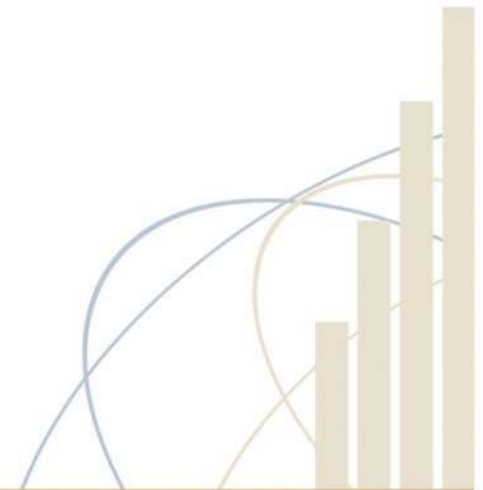
ITEM	ACTIONS	REMARKS
Irrecoverable debt (Liquidations & Business rescues)	<ul style="list-style-type: none"> • Identification of debtors on liquidation and under business rescues. 	<ul style="list-style-type: none"> • Recover through appointed administrators • Consideration of write-offs where monies are regarded as irrecoverable in terms of the Credit Control Policy
Body Corporates	<ul style="list-style-type: none"> • Listing of non-paying body corporates 	<ul style="list-style-type: none"> • Appointment of administrators who will do follow ups on this debt through body corporates board of trustees/ managing agents
Timely issuing of Rates Clearance certificates	<ul style="list-style-type: none"> • Issuing of RCC's on time and ensuring that all debt owing on the account is called and paid prior to the issuing of the RCC 	<ul style="list-style-type: none"> • Compliance with the SOP as approved by the Head: Revenue
Implementation of the CIU reports and recommendations for consequence management	<ul style="list-style-type: none"> • Implementation of the CIU report on the issuing of the RCC's (systems improvement and introduction of the watermark in the Certificates 	<ul style="list-style-type: none"> • Implementation of the CIU report
Procurement of a panel of external debt collectors	<ul style="list-style-type: none"> • Procurement of a panel of at least 10 (ten) External Debt Collectors to assist with the recovery of outstanding debt 	<ul style="list-style-type: none"> • For only accounts that all credit control processes have been exhausted

INDIGENT POLICIES:

- Most municipalities still face significant socio-economic challenges such as poverty, unemployment, and a gap between the rich and poor within its population.
- To assist eligible indigent households with free basic services, the Municipality has established an Indigent Support Policy, which aims to provide support to indigent households.
- This Policy is a tool designed to ensure that qualifying indigent households have access to free basic services as prescribed in the Constitution of the Republic of South Africa, Act No 108 of 1996.

Free Basic Services (FBS) provided to qualifying indigent households:

- Full exemption on property rates
- 65 kwh for electricity
- 6 Kl for water



INDIGENT POLICIES:

Indigent is categorised into two categories

Deemed indigent

- Deemed indigent are all residential properties with a market value of R350 000 and less, as assigned in the valuation roll or supplementary valuation roll, which are automatically recognized as indigent households for the purposes of relief as stipulated in the Indigent Policy and they qualify for a 100% exemption from rates.

Application based indigent

- The application-based indigent is required to complete a prescribed application form. The qualifying criteria is that a residential households must have a property market value of R350 001 up to and including R750 000 of which the combined monthly household income is R7,000 or less, be eligible to apply for registration as an indigent household under the Indigent Policy. The applicant must not be the registered owner of more than one property (registered individually or jointly).

REVENUE MANAGEMENT



Why municipalities struggle to collect revenue?

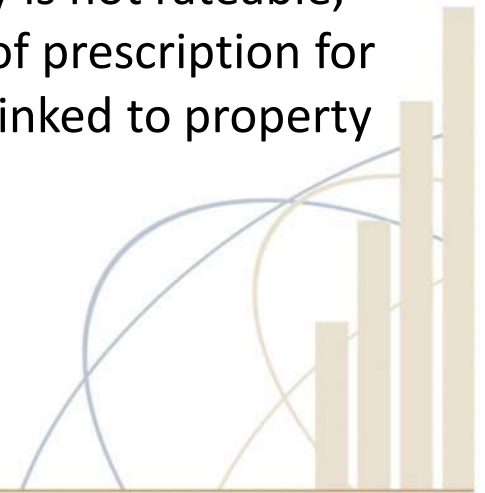
Revenue Management Collection Challenges:

- Water losses challenges resulting in high bills that results in customers being able to settle their bills
- Meter reading challenges especially with the “no access properties”, if the readings are not done on time and accurately, it affects billing and subsequently collection as customers are more comfortable paying for what they have consumed rather than estimations.
- Government departments & State-Owned Entities (SOEs) are still not paying on time as they have their challenges
- System integration is still an issue hence Council is looking for ways of integrating our systems
- Staff and Councillors accounts that remains in arrears. Even though credit control policy in line with MSA 32 allows salary deductions, the policy only allows a maximum of 25% salary deduction which at times it is not sufficient.

Why municipalities struggle to collect revenue?

Revenue Management Collection Challenges:

- Data cleansing challenges. People change contact details frequently, the data you update today could be history tomorrow
- Applying sanctions for non-payment such as disconnections in rural areas has proven to be very challenging because of the location.
- Meters are not located easily , some meters can not be found , meaning they can not be read or disconnected- Mostly affecting rural areas.
- Debt can not be linked to a property since the property is not rateable, this exposes the debt to prescription since the period of prescription for debt is 3 years as opposed to 30 years if the debt was linked to property as a consolidated debt.



REVENUE MANAGEMENT



SIYABONGA

ENKOSI

**THANK
YOU!**

**RE A
LEBOHA**

