

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
ORDINARY COUNCIL MEETING**

2024.08.29

ITEM A-F (47-2024)

FINANCE DEPARTMENT: REVENUE ENHANCEMENT STRATEGY

1. PURPOSE

To request approval of the Revenue Enhancement Strategy.

2. STRATEGIC PRIORITY

Promoting good governance

3. WARD/S AFFECTED

All wards are affected.

4. LINKAGE TO IDP

None.

5. EXECUTIVE SUMMARY

The current economic climate and other exogeneous economic factors have negatively affected the residents of the City and the organization (City of Ekurhuleni), hence, a request for a Revenue Enhancement Strategy to compliment the revenue base of the City's finances and improve its liquidity.

This Revenue Enhancement Strategy is developed to ensure that the City improves its liquidity and ensure financial sustainability. The successful implementation of this strategy will hinge on the various CoE Departments and Entities undertaking a critical analysis of the causes of the current, frail financial situation the City finds itself in and the impact it brings to bear on its operational ability and service delivery obligations to its ratepayers, residents and stakeholders.

This Revenue Enhancement Strategy aims improving its revenue management value chain through implementation of Revenue Enhancement Programs at risk.

6. BACKGROUND / MOTIVATION / DISCUSSION

6.1 EXPECTED DELIVERABLES

- Credit control Innovations
- Water management smart systems
- Smart metering systems piloting
- Estate billing audit & accuracy
- Identification of revenue leakages

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- Valuations gaps identification & management
- Grant/donor funding mobilization for revenue generation projects
- Piloting of revenue recovery in Eskom supply areas
- Enhancement of existing revenue streams
- Increased levels of collections
- Reduction of debtor's book
- Reduction of excess water consumption by indigent beneficiaries
- Reduction of water and electricity losses
- Improved revenue management value chain systems
- Identification of new revenue streams
- Improved payment culture
- Projected revenue of R3billion – R4 billion over a period of 3 years

6.2 APPROACH

On receipts of many requests from different service providers for Revenue Enhancement solutions, the City resolved as follows:

- Invite private sector to make proposals at risk,
- Assess proposals,
- Appoint qualifying service providers,
- Compile a panel of revenue solutions,
- RFP will be done through SCM,
- Panel with variety of innovations to enhance revenue at risk,
- Proposals will cut across different Departments seeking to address different revenue streams.

6.3 SOLUTION DETAILS

Credit Control solution:

- Base line on collections,
- Billing leakages assessments (loss and stolen revenue),
- Process linked to indigent data management system,
- Payment status as per customers,
- Indigent incorrect beneficiaries,
- Metering,
- Installation of check meters.

Metered services (water/electricity/sanitation) identification and resolution:

- customers not metered identification,
- illegal connections,
- metered customers but incorrectly billed.

Property Rates and taxes leakages recovery:

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- on calculating rates and taxes for listed companies (Review VR to find all listed & commercial, get from stock exchange/financial institutions/SARS what is declared in terms of value of property and compare with what they currently pay and recover any short payment).

Digital credit management System:

- Communications module (SMS, WhatsApp, E-mail),
- Payment Portal (E-colls – click on link get access various payment platforms) – Access to query account – self-service for customers,
- Data cleansing and update to the latest information,
- Soft/Hard Collection,
- Setting of Kiosk for accounts enquiry and payments.

Rezoning to recover rates:

- look at billing, compare to various sources like deeds,
- establish what is billed and collaborate with what is on the ground,
- recover shortfall.

Client vetting:

- verify all properties linked to one Id number,
- establish affordability and financial statuses – all other properties linked.

Electricity:

- to reduce current bill by Eskom.

Water:

- Installation of check water meters on top Rand Water meter connections,
- Reduction of None revenue Water,
- Installation of Prepaid water meter and smart water meters,
- Metering of unmetered stands,
- Implementation of water meter consolidation project and removal of unmetered old fire pipe connections in business areas,
- Installation of water restrictors for all none paying high water consumers.

Grant Lobbying:

- Current allocation of grants by NT & DBSA – to try and help the City to receive more grants,
- Equitable share, MIG & USDI.

Real estate:

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- Determining current portfolio of leased properties (Investment Properties).

EMPD:

- Creation of traffic strategy to manage illegal parking and charging fines,
- Weigh bridge's introduction,
- New system to collect traffic fines.

Eskom supply areas pre-paid water meters:

- Leverage water and other services through water vending.

Non-Eskom Supply area – convention to pre-paid meter:

- Recovery of arrears through pre-paid.

Vat recoveries:

- Last 5 years returns submitted analysis,
- Resubmission of returns where errors identified,
- Value added service of SoP for revenue management value chain.

Outdoor advertising

Streetlights Infrastructure for:

- 4-5G communication,
- Advertising,
- CCTV,
- Environment Control,
- Wi-Fi.

6.4 ORGANISATIONAL AND HUMAN RESOURCE IMPLICATIONS

None.

6.5 FINANCIAL IMPLICATION

The tender will be at risk and profit sharing.

6.6 LEGAL AND CONSTITUTIONAL IMPLICATION

None.

7. COMMENTS FROM RELEVANT DEPARTMENTS

None.

8. LIST OF ANNEXURE/S

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None.

9. RECOMMENDATION

- 1. That the contents of the report on the Revenue Enhancement Strategy, BE NOTED.**
- 2. That the Revenue Enhancement Strategy, BE APPROVED.**