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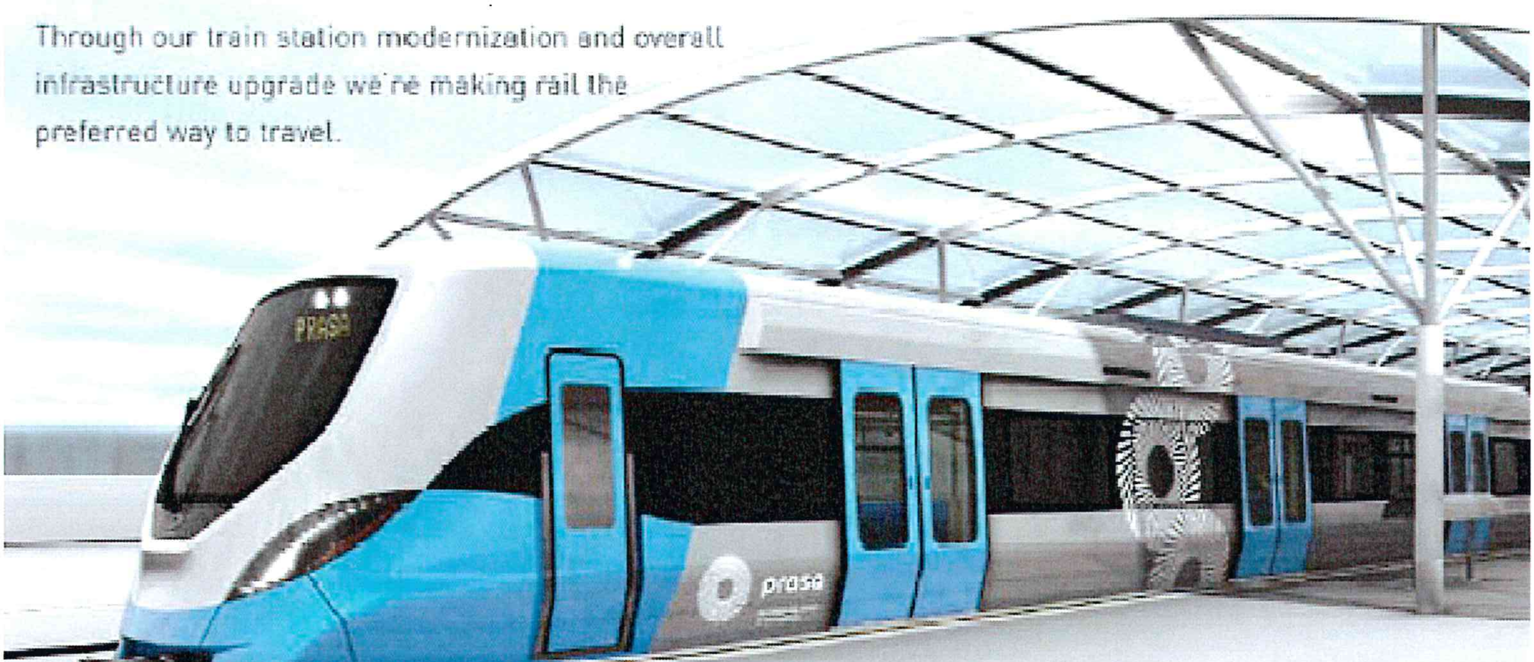

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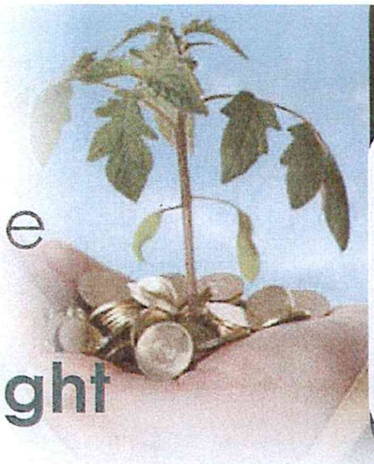

Maximising revenue is about doing a number of things right

More municipalities are focused on managing their revenue than ever before, and accountability and transparency are becoming paramount. Janet Channing, the MD of MetGovis, reports from the IMFO Convention in Durban.

MetGovis sponsored the revenue management workshop at the recent Institute of Municipal Financial Officers (IMFO) Convention in Durban. Chaired by Peet du Plessis and including panellists George van Schalkwyk, Frans Rootman, Fathima Khan, Nantes Kruger and Philile Madonsela, the session was interactive and productive, generating 78 questions from the floor.

It all starts with the property register

Clearly, the starting point to manage revenues is the establishment and maintenance of an accurate property register. Without this spatial database, billing and revenue collection from water, electricity, waste and other services is virtually impossible to manage.

The key is to align municipal data sets from various sources – valuations, the financial system and deeds – and analyse them to establish a consolidated aligned result with no mismatches. The register must be maintained and updated with incoming deeds data to reflect the constant changes to property within the municipality: ownership changes, use changes, subdivisions, consolidations, zoning approvals, etc. Property data should be viewed spatially and in real time. And this property register should remain the property of and reside with the municipality, not with an outside service provider.

Accurate valuations are key

Once the property register is in order, accurate valuations become key. Municipalities must prepare and maintain general valuation rolls at least every four years and a supplementary roll at least once a year – and it goes without saying that the rolls should be accurate and complete. The rolls form the platform for the levying of property tax within the municipality.

The audience at the workshop highlighted inadequate time provided for the procurement of service providers to prepare general valuation rolls. Poor planning results in a compromised deliverable.

Municipalities were urged to make use of bid specification guidelines to ensure that these were tailored to accommodate data continuity.

One of the proposed amendments to the MPRA was the introduction of more stringent monitoring by the respective provinces. Milestones for the procurement and appointment of service providers would have to be reported to the MEC. This would allow for corrective action to be taken in good time.

General valuation rolls bring changes that need action

A general valuation roll will prompt changes to certain data fields including values, categories and extents. If the roll has been prepared outside of the municipal system, there are often challenges with roll uploads to the billing systems. To achieve accurate billing, the valuation roll must balance with the financial system.

Discrepancy reports to identify mismatches between the financial system and valuation roll must be drawn and acted on. The Auditor-General requires that this task is done monthly in the larger municipal systems, and at least when each new roll is uploaded in the smaller ones. This procedure allows for proper control of all rateable property and measures the implementation of remedial action. Synchronisation between the financial system and the valuation roll protects municipal revenue.

Revenue audits highlight billing inconsistencies

A revenue performance audit will enable a municipality to establish the correctness and completeness of its billing schedule. This is not a magic wand and will not produce immediate results. It takes hard work and constant application to clean up dirty data. The revenue audit reports support municipal management decisions regarding incomplete billing, arrears and bad debts. Using spatial reporting to reveal billing inconsistencies enables municipal management to see immediately where action is required and to measure the effectiveness of the corrective action.

The Consumer Protection Act should not be feared

The Consumer Protection Act (CPA) was enacted to protect consumers, especially the poor, illiterate and vulnerable. The CPA interfaces with other legislation: The Municipal Systems Act, the Batho Pele principles and the King Reports. All of these promote good governance, transparency and fairness to the consumer. Municipalities may not discriminate against communities unfairly but it was stressed that fair discrimination is endorsed. Municipalities offer free basic services to the indigent, and rates relief to pensioners. The CPA states that communication must be through the use of plain language.

Increasing municipal revenue is about doing a number of basic steps well, and properly documenting the steps. Municipalities that are still struggling with this should seriously consider enlisting expert help, as increasingly active consumers are not going to settle for below-par service delivery.

About the author:
Janet Channing (BA MPhil NDPV) is the Managing Director of MetGovis and a registered property valuer. She has a wealth of experience in local government support and project management specialising in the municipal rating and valuations.