

# UMZIMKHULU LOCAL MUNICIPALITY



## REVENUE ENHANCEMENT STRATEGY

**FINAL 2020-2021**

**EFFECTIVE AS FROM 01 JULY 2020**

## INTRODUCTION

This is a review of the revenue and enhancement strategy developed in 2007 by a service provider. The review is now done internally by the Budget and Treasury Office. The purpose of the document is to provide a strategic framework of resolving the deep seated financial challenges that undermine service delivery to Umzimkhulu Local Municipality community.

The document may require annual adjustment based on changing socio-economic and political environment. Adjustments may be minimal unless the current national government funding formula changes. In terms of the local government financial reforms as led by the introduction of the Municipal Financial Management Act (MFMA) (56 of 2003) introduced in 2004, the municipalities are expected to be financially sustainable in the foreseeable future. This suggests a scenario in which the equitable share is reduced and or is expected to be used solely to provide for free basic services than for operational budget.

This document does not respond to the possibility stated above, which will be catastrophic to UMzimkhulu Local Municipality. If the Municipality were to respond to such a scenario, fundamental changes on improving the powers and functions of the municipality would first have to be effected. The improved powers and functions will have to be followed by the improved funding for a medium term and improved capacity building on operations and maintenance for services.

In order to put in place a good mechanism for monitoring and evaluation in the area of revenue enhancement and economic development, a brief of the current situation is stated below;

Grants 90%

Own revenue 10%

This clearly shows that the municipality is more depended on grants than generating its own revenue.

## **WAY FORWARD**

This review process will provide a sound platform for effective planning. Municipal Sustainability is based on the following critical elements:

### **1. Revenue Administration**

In revenue improvement agenda, there are two focus areas;

- Maximum utilization of current revenue sources through efficient and effective management practices to ensure financial viability and stability.
- Creation of new revenue sources through development of economical enterprises

It would be logical enough to first focus our reform and improvement measures on how judiciously utilize extant revenue resources.

This strategy and action plan requires measures to address challenges from multiple dimensions (technical and administrative) so that it leads to considerable increase in revenues as well as ensures financial viability. Given this principle, the focus areas for improvement of revenue administration are as follows:

- Coordination and cooperation
- Service delivery improvement

To ensure delivery of better results, we envisage certain vision, goal, objectives and activities and for detail please see the following.

#### **Vision:**

To have sustainable effective business units and effective financial management by 2030 with improved financial capacity and transparent and accountable practices, which will bring about new economic opportunities in collaboration with people and other stakeholders so that quality and equal services are provided to citizens



**Goal:**

Revenue from regular sources will considerably increase and range of revenue funding resources.

**Objectives:**

- Effective, transparent and accountable revenue administration practices will be in place
- The municipality will ensure that its billing information is accurate and that the consumer monthly statements are delivered on time.
- The municipality will enforce the implementation of its credit control and debt collection and indigent policies
- Relationships between the municipality and other institutions will be strengthened and synergy developed

**Activities:**

- Conduct regular field surveys to record residential and business information
- Prepare and maintain registries, files and databases of properties
- Intensify arrears collection
- Conduct serious field inspections and exercise control over leases, rents and business permit affairs
- Assign specific personnel for certain revenue sources
- Oversee building affairs, conduct timely inspection and issue fines for illegal structures
- Initiate the joint business inspections with the environmental health and the municipality (relevant departments)
- Enforcement of municipal by-laws
- Conduct regular awareness campaign on services offered by the municipality
- Organize study visits to other municipalities for experience learning and sharing
- Strengthen coordination between revenue unit and other user departments
- Encourage and strengthen information sharing among government institutions and other stakeholders
- Develop and implement a strategic plan on cleaning in an area-based
- Design and streamline service delivery processes
- Exercise serious control over town cleanliness
- Improve customer service culture

## **2. Economic Enterprise Development**

Under this agenda, the focus goes beyond only maximum utilization of existing revenue sources and seeks ways to ensure municipal access to new sources of revenues. The municipality is inclined to establish and run economic enterprises not only for revenue generation but also for delivery of services

### **Goal**

Municipality will have access to more regular revenues and citizens will benefit from better service facilities.

### **Objectives**

- Public-private partnership in economic and infrastructure development will be encouraged and strengthened
- Municipal capacities in economic enterprise development will be developed
- Job opportunities will be available to people

### **Activities**

The Umzimkhulu municipality envisage and has planned a number of programs in this specific area and is decisive to implement them with own revenue and grant funding.

### **Purposed Projects**

#### **Short-term Projects**

- Surfacing of Townships Roads ( Extension 6 – Ward 16)
- Surfacing of Townships Roads ( Ibisi Ward 11)
- Construction of Concrete palisade Fence at Old Traffic Department and Shed (Ward 16)
- Irrigation System at Municipal Pound ( Ward 16)
- Partitioning of Stalls & coldrooms at SMME Facility ( Ward 16)
- Re-gravelling Skoonplaas Access Road (Sisulu Kwa A)

#### **Long-term Projects**

- Mankofu Land disposal (Mankofu Township Establishment)
- Formalisation of Ibisi, Clydesdale & Reitvlei
- Disposal of sites & Design of services phase 3 & 6

- Completion of UMzimkhulu Memorial hall
- Development of landfill site (Stage 2)
- Development of new Municipal Offices - Phase 1
- Planning for provision of services (bulk) for commercial sites

<b><u>NAME OF PROJECT</u></b>	<b><u>Ward</u></b>	<b><u>ESTIMATED DATE TO FINISH THE PROJECT</u></b>	<b><u>MANAGER RESPONSIBLE</u></b>
<b><u>Short-term Projects</u></b>			
Construction of Concrete palisade Fence at Old Traffic Department and Shed	16	31 March 2021	Manager: Infrastructure & Technical Services
Construction of Surfaced Ibisi Internal Roads Phase 4	11	30 April 2021	Manager: Infrastructure & Technical Services
Construction of Surfaced Extension 6 1.4 kilometre road	16	30 September 2020	Manager: Infrastructure & Technical Services
Irrigation System at Municipal Pound	16	30 June 2021	Manager: Infrastructure & Technical Services
Partitioning of Stalls & coldrooms at SMME Facility	16	Ongoing process	Manager: strategic planning, housing, led & tourism
Re-gravelling Skoonplaas Access Road(Sisulu Kwa A)	16	30 September 2020	Manager: Infrastructure & Technical Services
<b><u>Long-term Projects</u></b>			
Mankofu Township Establishment		Ongoing process	Manager: Strategic Planning, Housing, LED & Tourism
Formalisation of Ibisi, Clydesdale & Reitvlei	11,12 & 17	Ongoing process	Manager: Strategic

			<u>Planning, Housing, LED &amp; Tourism</u>
Disposal of sites & Design of services phase 3 & 6	16	Ongoing process	<u>Manager: strategic planning, housing, led &amp; tourism</u>
Completion of UMzimkhulu Memorial hall	16	Ongoing process	<u>Manager: Infrastructure &amp; Technical Services</u>
Development of landfill site ( Stage 2)		Project anticipated to start during 2021-2022	<u>Manager: Infrastructure &amp; Technical Services</u>
Development of new Municipal Offices - Phase 1	16	Ongoing process	<u>Manager: Infrastructure &amp; Technical Services</u>
Planning for provision of services (bulk) for commercial sites	16	Depend on District Municipality	<u>Manager: Infrastructure &amp; Technical Services</u>



## **REVENUE ENHANCEMENT STRATEGY APPROVAL**

This strategy was adopted by Council at a meeting held on .....  
and reviewed on annual basis.

A handwritten signature in black ink, consisting of a stylized 'M' and 'M' followed by a horizontal line.

The Municipal Manager