

NQUTHU MUNICIPALITY REVENUE ENHANCEMENT STRATEGY

| FUNCTION | PROBLEM STATEMENT OR CHALLENGE | EXTENT OF THE PROBLEM OR REVENUE LOSS | STRATEGIES | ACTIVITIES OR INTERVENTION | REVENUE IMPACT | BUDGET OR FINANCIAL IMPLICATION | TIMEFRAME | RESPONSIBLE |
|-----------------------------|--|--|---|---|---|---------------------------------|--------------|-------------------------------------|
| Energy distribution license | Small portion of Nquthu town is licensed, revenue base for electricity is restricted | Revenue base for electricity is restricted | Engage with licensing board on extension of license area | Application to NERSA to broaden the license area | Energy revenue base to increase | To be determined | 30 June 2026 | Management Technical Services |
| Municipal housing | Dilapidated state of municipal houses for letting to employees/ tenants | Revenue received from letting of houses is not in line with market rates | Adopt and implement buildings repairs /maintenance management plant | Implement buildings repairs /maintenance management plant | Revenue from letting of property can be increased | To be determined | 30 June 2026 | Management Technical Services |
| Human Settlements | Lack of development in identified vacant land in Nquthu town & Nondweni town. | Loss of revenue from vacant stands. | Develop land parcels through the land availability/ land donation agreement | Monitor development of identified land | The municipality to earn revenue from the developed stands to be sold by the service providers. | R1 000 000 | 30 June 2026 | Management Planning and Development |
| | Lack of proper building regulations, for property improvement in Empumelelweni and Phase 2 areas within Nquthu town. | Loss of revenue from already improved properties in Empumelelweni and within town. | Adopt and implement building regulation policies and by-laws. | Establishment of townships and development of the identified land parcels by the service providers. | The selling of developed stands in Nquthu will generate +- 2million in revenue. | | 30 June 2026 | |

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| Land Use Management | Formalization of vandalized, abandoned and invaded properties. | Poor collection of property rates and services charges in the areas | Expand revenue base through the land tenure upgrade | Township establishment or formalization and transfer of the properties to the beneficiaries. | Revenue to be generated to be determined. | R1 500 000 | 30 June 2026 | Management Planning and Development |
| | Semi-formalization of land is earmarked for low-cost housing and transfer of ownership. | A sizeable chunk of the municipal area is allocated for low-cost housing; the beneficiaries do not hold title deeds. | | Consultation of all affected members of the public, Pegging of stands Developing general layout plans for each township | Rates can be collected from property owners as well as taxes from over 2 000 stands | Financial implication to be determined. | 30 June 2026 | Management Planning and Development |

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| Land Use Management | <p>Inefficiencies in the approval of the building plans due to turnaround time.</p> <p>Ineffective system of issuing certificates authorizing occupation of the building and property re-valuation</p> | <p>Long turnaround time to approve building plans</p> <p>Improved property not re-valued thus revenue recognition is inaccurate.</p> | <p>Enhance and improve on the building plan approval system</p> <p>Adopt and implement property development working plan and timeframes.</p> | <p>Upgrade of the building plan approval application system</p> <p>Development of workflow procedure</p> | <p>Additional property rates and services charges revenue to be generated from the increase in the value of the property</p> | R0 | 31 December 2026 | Management Planning and Development |
| Land Use Management | Inefficiencies in town planning, advertising management, town evaluation system | Invasion of unused spaces, improper and unauthorized adverts erection | Adopt and implement property development working plan and timeframes. | <p>Upgrade of town planning evaluation system</p> <p>Development of workflow procedures</p> | <p>Revenue can be generated from authorized advertising spaces</p> <p>Clean, organized town entice investors, revenue collection base increase.</p> | R500 000 | 31 December 2026 | Management Planning and Development |

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| Economic Development | Lack of infrastructure support for emerging enterprises | Loss of rental revenue from emerging enterprises | Development of incubation hubs (i.e.Boxer, Spar, Cambridge, Taxi ranks) | <ul style="list-style-type: none"> Development of business plans for the incubation hubs for grant funding Development and management of the hubs | Rental revenue from the incubation hubs | R1 000 000 | 30 June 2026 | Management Planning and Development |
| Township establishment | Townships Established not registered in the deeds office and no transfer of title deeds to beneficiaries | Property rates revenue is not generated from these properties | Improve property rates revenue generation. | <ul style="list-style-type: none"> Registration of the townships to the deeds office. Transfer of the ownership of the property to the beneficiaries. | Additional property rates and services charges revenue to be generated due to the increase in the value of the property | R10 000 000 | 30 June 2026 30 June 2026 | |

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| Stadium Management | Nquthu Stadium lacks a proper stadium management model | revenue is lost due to the lack of the proper stadium management model | Enhance revenue generation of the stadium | Implementation of the stadium management model | Additional revenue can be generated from naming rights, hosting events, selling suits etc. | | 30 January 2026 | Community Services Management |
| Parks and Cemeteries | Lack of parks within town, Poor state of cleanliness of entry and exit points to and from town | Substantial revenue is lost due to the lack of the proper parks management model | Develop and implement a park management system | Implementation of the parks management system. | Potential investor's attraction, tourist attraction. | R3 000 000 | 31 December 2026 | Community Services Management |
| Recreational Facilities | Outdated and dilapidated state of recreational facilities | Loss of revenue from bookings of facilities due to their poor condition. | Adopt and implement facility service plan. | Monitoring facilities service plan, ensure a good state of facilities i.e. interior and exterior. | Booking to full capacity of municipal facilities can generate revenue. | R1 500 000 | 31 December 2026 | Management Community Services |

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| Waste management | No revenue is collected for refuse collection in Nondweni, lack of waste collection in Empumelelweni phase 2. | Loss of revenue from not servicing other areas | Expanding the revenue base. | <p>Conduct feasibility studies on the service delivery mechanism.</p> <p>Implementation of the waste management service delivery mechanism or model</p> | <p>Likely to generate above R1m in revenue per annum.</p> | R 2 500 000 per annum over a period of five years | <p>31 December 2026</p> <p>30 June 2026</p> | Management Technical Services |
| Energy Management | Commercial or non-technical electricity distribution losses | Municipality experience energy loss above 44% per annum from its distribution network and the billing system | <p>Enhance electricity distribution networks,</p> <p>Ensure proper procedures in acquiring billing information, i.e. readings, new connection, replacements, tampered meters and usage of reliable billing system.</p> | <p>Conduct meter audits, substation, mini subs and all other distribution infrastructure audits and assessment.</p> <p>Verification of meter and stand data</p> <p>Resealing of meters and replacement of faulty meters</p> <p>Issuing of tamper fines</p> | <p>Revenue recognition over 1 million per annum can be achieved,</p> <p>Energy loss curbed.</p> | Appoint service provider to conduct all energy network audits. Costs to be determined. | 30 January 2026 | Management Technical Services |

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| Energy Management | Commercial or non-technical electricity distribution losses | Energy loss due to unreliable meters and meter readings | Enhance electricity revenue protection | Introduce smart meters for prepaid customers, upgrade conventional meters to keep up with modern technology. | Controlled energy loss, increased revenue collection. | Appoint service provider to conduct all energy network audits. Costs to be determined | 30 December 2026 | Management Technical Services |

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| Revenue Management | electricity distribution losses | Tighten controls on third party vending systems. | Enhance electricity revenue protection | Conduct regular audits and reconciliation of the prepayment revenue collected by all vending points and third party agencies | R0 | Not applicable | Monthly | Management Budget & Treasury |
| Revenue Management | Law enforcement revenue | Improper recording and revenue recognition of animal pounding, keeping of animals | Enhance revenue protection through proper recording of tariffs for animal keeping offences. Implement tariffs and by-laws. | Monitor and audit of transactions relating to animal keeping. | R0 | Not applicable | Monthly | Management Law Enforcement and Traffic Management |

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|------------------------|---|--|---|--|---|------------------|------------------|---|
| Energy Management | High own consumption electricity cost incurred | Own consumption cost of electricity not monitored. | Energy efficiency – Municipal Buildings | Identify municipal buildings that have high energy usage, switch to efficiency lighting equipment's or energy savings equipment | Reduction on energy cost | R0 | 31 December 2026 | Management Technical Services |
| Traffic Fines revenue | Lack of enforcement measures to execute Warrant of Arrest | Outstanding income out of Traffic Fines Warrant of Arrest (WoA) exceed R2 million | Improve execution of Warrant of Arrest | Implement a bulk SMS/MMS system Establish a Call Centre Procure roaming vehicles fitted with cameras Implement traffic fines payment Portal | Additional revenue can be generated | To be determined | 30 June 2026 | Management Law Enforcement and Traffic Management |
| Property rates revenue | Loss of revenue due to properties registered in the name of municipality but not used by the municipality | properties are registered in the name of the municipality resulting in a possible loss of income | To enhance the property rates revenue generation. | Identify and verify all properties registered in the of the municipality to be transferred to the rightful beneficiaries/ owners; | Additional revenue per annum will be generated. | R500 000 | 30 June 2026 | Management Planning and Development |

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| | Omission of properties during compilation of general valuation roll. | Identify properties that are not included on the valuation roll (schools, clinics, and police stations, etc.) | Expand the property rates revenue base. | Co- operation with GIS office for inclusion of all properties Access to deed search to validate general valuation roll | Revenue base to increase | R500 | 30 June 2026 | Management Budget & Treasury office |
|--|--|---|---|---|--------------------------|------|--------------|-------------------------------------|

The financial implication and timeframes will be confirmed by the relevant personnel upon consultation on final budget for the financial year 2025/2026. The determinations made on the document relating to budget are estimations subject to verification and confirmation.

Revenue Enhancement Strategy adoption date: 28/05/2025

Council resolution number: SC/13/05/16