



Q4 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBP) 2018/2019: PERFORMANCE REPORTING

DIRECTORATE: FINANCE

ACTING CHIEF FINANCIAL OFFICER: MR. NTSIKELO BOCUAI

| National Treasury Reference/BCMM Code | Key Performance Indicator | Project | Baseline (Annual Performance of 2017/18) | Annual target for 2018/19 | Target for 2018/19 SDBP per Quarter | | | | Reason for Deviation | Corrective Measure | Achievement Levels | 4th Quarter Planned Target ending June 2019 | Portfolio of evidence | 4th Quarter Actual Performance | Portfolio of Evidence provided | Reason for Deviation | Corrective Measure | Achievement Levels |
|---------------------------------------|---------------------------|---------|--|---------------------------|--|-----------------------|--------------------------------|--------------------------------|----------------------|--------------------|--------------------|---|-----------------------|--------------------------------|--------------------------------|----------------------|--------------------|--------------------|
| | | | | | 3rd Quarter Planned Target ending March 2019 | Portfolio of evidence | 3rd Quarter Actual Performance | Portfolio of Evidence provided | | | | | | | | | | |

STRATEGIC OUTCOME 5: WELL GOVERNED CITY

| NATIONAL PRESCRIBED INDICATORS | | | | | | | | | | | | | | | | | | | |
|--------------------------------|--|---|---------------|-----|-----|--|-------|---|--|-----|--|-----|--|------|--|---|---|--|--|
| GG 6.11 | Percentage of the municipality's operating budget spent on free basic services to indigent households | Free Basic Services to Indigent households | New Indicator | 16% | 16% | General Ledger Report per Poor Relief Vote | 6.88 | The expenditure related to Poor Relief is dependant on the number of Indigent Beneficiaries at the time of reporting | This is not a target to be met, but an indicator reflecting the percentage of the municipality's operating budget spent on free basic services to indigent households. Refer to the Indicator Definition | | | 16% | General Ledger Report per Poor Relief Vote | 7.50 | The expenditure related to Poor Relief is dependant on the number of Indigent Beneficiaries at the time of reporting | This is not a target to be met, but an indicator reflecting the percentage of the municipality's operating budget spent on free basic services to indigent households | | | |
| HS2.21 | Number of rateable residential properties in the subsidy housing market entering the municipal valuation roll | Annual Supplementary Valuation Roll | New Indicator | 500 | 375 | Valuation Roll | 376 | Valuation roll | N/A | N/A | | 500 | Valuation Roll | 376 | Monthly Valuation rolls for April, May and June 2019 | Residential properties are included on the municipal valuation roll when the structure is completed. The value of 393 residential properties included in the valuation rolls of the 4th quarter was above the subsidy housing market. | The value of the property is dependent on the market conditions and some value forming attributes which include the property extent (size), security, quality, condition, location (neighborhood), view and external noise. Properties that fall within the housing subsidy market will be included on the valuation roll as and when they are completed and achievement of target is dependant on the number of properties falling within this bracket that are completed. | | |
| EE2.11 | Free Basic Electricity provision levels as per percentage of total residential electricity provision (in terms of MWh) | Free Basic Electricity to Indigent households | New Indicator | 12% | 12% | Electricity Statistics Report - BSS12 | 11.91 | The expenditure is dependant on the number of indigent beneficiaries that claim their free issues as well as the consumption of residential customers | This is not a target to be achieved, but an indicator reflecting the Free Basic Electricity provision levels as per percentage of total residential electricity provision. Refer to the Indicator Definition | | | 12% | Electricity Statistics Report - BSS12 | 8.95 | Electricity Statistics Report - BSS12 | The expenditure is dependant on the number of indigent beneficiaries that claim their free issues as well as the consumption of residential customers | This is not a target to be achieved, but an indicator reflecting the Free Basic Electricity provision levels as per percentage of total residential electricity provision | | |

BCMM INDICATORS

| | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|--|--|---------------------------|---------------------------------|------------------------------------|---|--|--|--|--|---|------------------------------------|---|---|--|---|--|--|--|--|-----|--|--|---|--|--|
| WGC 6 | % of a municipality's capital budget spent on capital projects identified in the IDP | | | 76% | 100% | 30% | Section 71 Report | 47% | Section 71 Report | | | | | | | | | | | The following are the strategies that have been put in place to turnaround the City's spending performance: a) All bid committees were restructured in December 2018 to ensure effectiveness and efficiency. b) With the new restructured committees, it is envisaged that the target of taking an average period of three months from initiation to the award of an open bid, whereas in the past it used to take an average of about six months. c) A Selection Committee has been established to ensure fair distribution of work, promote competition, realise value for money, ensure rotational system which is cost effective and transparent in the management of awarded annual contracts. d) Reconfiguration of processes at the Supply Chain Management unit are also underway to improve all procurement related activities. | | | | | | |
| WGC 7 | % revenue Collection Rate as measured in accordance with the MSA performance regulations | Implementation of Revenue Enhancement Strategy and Credit Control Policy | | 93% | 92.5% | 92% | Billing sub-system report / Spreadsheet Calculation in terms of MFMA Circular 71 | 85.50 | The primary reasons for the reduced collection rate is as follows: a) The 2017 General Valuation was conducted and implemented on 1 July 2018. The general increase in valuation of properties has also affected the collection rate as this is included in the July 2018 billing. Customers had the opportunity in terms of legislation to object to the new values. The objection process has not yet been finalised. b) Meter Tampering is on the increase and has a negative impact on the collection rate. The Revenue Protection Unit is appointed to address the meter tampering on electricity meters, however where tamperers are removed, the customers and communities continue to tamper. c) "No-go" areas are on a sharp increase. In areas such as Breda, Sweetwaters, Ginsberg and Reeston (but not limited to) the BCM staff are being chased out or threatened. This relates to meter readers and disconnections and reconnections. d) Industrial action taken by staff in the institution has affected the collection of debt, specifically targeting due date for payment, thereby preventing the public access to the cashiers. e) Increased unemployment rate / downturn in local economy. f) The instability of the ICT Network especially in the Inland region. g) Dishonoured debt settlement arrangements. h) Increase in rates and services tariffs, especially the increase in electricity tariffs (ESKOM) over the past five (5) years has negatively impacted customers' ability to pay their accounts. | To improve the collection rate, the following remedial actions will be implemented during the 2018/19 financial year: a) Enforcement of Debt collection action as prescribed in the Credit Control Policy, at a regional level. b) Conversion of existing electricity meters to prepayment meters, including conversion of large power users to automated metering devices (Smart Metering) c) Continued implementation of the on-line vending purchases and bill payments through latest technology. d) Activation of the SMS functionality to inform customers of their current and outstanding debt e) Investigation of the strategies to ensure that revenue management services are not interrupted, specifically related to industrial action within the Municipality. f) Perform a water meter audit to address the non-reading of water meters g) Exploring the increase of the City's revenue base, to ease pressure on existing customers. h) Implementation of Indigent Registration campaigns during 2018/19 financial year. i) Work at curbing electricity and water non-technical losses to the acceptable norm, such as meter tampering, installing meters in flat-rated areas and improved meter reading. j) Continue installation of electricity smart meters during the financial year. k) Leadership intervention required to alleviate the community resistance to debt collection actions being implemented. l) Finalisation of the property owners' objection process of the 2017 General Valuation. | | | | | | 87.79% | Billing sub-system report / Spreadsheet Calculation in terms of MFMA Circular 71 | | | | 93% | | The primary reasons for the reduced collection rate is as follows: a) The 2017 General Valuation was conducted and implemented on 1 July 2018. The general increase in valuation of properties has also affected the collection rate as this is included in the July 2018 billing. Customers had the opportunity in terms of legislation to object to the new values. The objection process has not yet been finalised. b) Meter Tampering is on the increase and has a negative impact on the collection rate. The Revenue Protection Unit is appointed to address the meter tampering on electricity meters, however where tamperers are removed, the customers and communities continue to tamper. c) "No-go" areas are on a sharp increase. In areas such as Breda, Sweetwaters, Ginsberg and Reeston (but not limited to) the BCM staff are being chased out or threatened. 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| WGC 14 | Credit Rating Maintained at A | Appointment of a Credit Rating Institution | A | A | A | Latest Credit rating report | A | Credit Rating Report | N/A | N/A | | A | Latest Credit rating report | A | Credit Rating Report | | N/A | | | | | | | | | |
| WGC 15 | Current ratio (Municipality's ability to pay back its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables)) | N/A | | 2.06:1 | 1.65:1 | 1.8:1 | Section 71 Report | 2.29:1 | Section 71 Report | N/A | | 1.65:1 | Section 71 Report | 2.01:1 | Section 71 Report | | N/A | | | | | | | | | |
| WGC 16 | Debt to revenue percentage (the extent of Total Borrowings in relation to Total Operating Revenue) | N/A | | >45% | >45% | >45% | Section 71 Report | 7% | Section 71 Report | N/A | | >45% | Section 71 Report | 8% | Section 71 Report | | N/A | | | | | | | | | |
| WGC 17 | Cost coverage (ability to meet at least the municipality's monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month) | N/A | | <3x fixed operating expenditure | 1 - 2x fixed operating expenditure | 1 - 2x fixed operating expenditure | Section 71 Report | 2.7x fixed operating expenditure | Section 71 Report | N/A | | 1 - 2x fixed operating expenditure | Section 71 Report | 2.18 x fixed operating expenditure | Section 71 Report | | N/A | | | | | | | | | |
| WGC 18 | Creditors payment period | N/A | | 52 days | 30 days | 30 days | Section 71 Report | 22 days | Section 71 Report | N/A | | 30 days | Section 71 Report | 36 days | Section 71 Report | | Year-end trade creditors increase due to accelerated expenditure | | Institutionalise payment of creditors on time | | | | | | | |
| WGC 9(a) | Number of Smart Meters installed - Business Debtors | Installation of Smart Meters - CAPEX | New Project | 100 (Pilot) | 18000 Business | 13,500 | Report based on technical installations and Meter Changes on Billing sub-System | 3,433 | Project Status Report and Meter Register | Resources to identify some of the business meters on site. | Additional technicians were employed to accelerate the installation | | 18,000 | Report based on technical installations and Meter Changes on Billing sub-System | 3,700 | Project Status Report and Meter Register | Delays on training of newly appointed technician | | Expedite training of newly employed technicians | | | | | | | |
| WGC 9(b) | Number of Smart Meters installed Residential Debtors | Installation of Smart Meters - CAPEX | New Project | 20000 Residential | 15,000 | Report based on technical installations and Meter Changes on Billing sub-System | 3,070 | Project Status Report and Meter Register | Pre-payment process was finalised late in March | Sixteen additional technicians were employed to accelerate the installation | | 20,000 | Report based on technical installations and Meter Changes on Billing sub-System | 4,380 | Project Status Report and Meter Register | Delays in delivery of stock and training of technicians | | Strategic implementation plan has mapped. Expedite training of newly employed technicians. | | | | | | | | |
| WGC 19 | Audit Opinion | Qualified Audit Opinion | Unqualified Audit Opinion | | | | N/A | N/A | N/A | N/A | | Unqualified Audit Opinion | AG audit report | Qualified Audit Opinion | AG audit report | | The target is not achieved as the audit opinion regressed from the previous year | | The following remedial actions will be implemented during the 2018/19 financial year: Develop an Audit Improvement Plan (AIP) detailing the audit findings together with the required corrective actions taken. Establishing a committee to monitor implementation of AIP. The AIP to be submitted to Internal Audit on a quarterly basis for review of actions and POEs | | | | | | | |

| ACHIEVEMENT LEVELS | |
|--------------------|--|
| | Fully effective performance |
| | Performance not fully satisfactory |
| | Performance significantly above expectations |
| | Unsatisfactory performance |
| | Not Applicable /On hold/Not reporting for this quarter |

HEAD OF DIRECTORATE: FINANCE SERVICES: MR N. SIGAU
 CITY MANAGER: MR. A. SIHLAHA
 SIGNATURE: _____
 DATE: _____