

CHAPTER 7



Measurable Performance Objectives & Indicators

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MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

The measurable performance indicators of the Cacadu District Municipality are detailed in the following:

- * **Annexure “B”**: Mandatory Performance Measures
- * **Annexure “C”**: Annual Performance Objectives by Vote – operational measures
- * **Annexure “D”**: Revenue by Source

DC10 Cacadu - Supporting Table SA8 Performance Indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Borrowing Management										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital										
Gearing	Long Term Borrowing/ Funds & Reserves	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity										
Current Ratio	Current assets/current liabilities	5.2	1.9	5.0	7.6	3.3	2.7	3.3	3.3	3.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	5.2	1.9	5.0	7.6	3.3	2.7	3.3	3.3	3.3
Liquidity Ratio	Monetary Assets/Current Liabilities	5.0	1.9	4.9	7.6	3.3	2.7	3.3	3.3	3.3
Revenue Management										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		325.6%	100.0%	100.0%	99.2%	99.2%	0.0%	97.8%	97.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			325.6%	100.0%	100.0%	99.2%	99.2%	0.0%	97.8%	97.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	4.0%	0.9%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
Creditors Management										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		5.7%	7.3%	5.4%	5.8%	6.5%	7.0%	7.5%	8.2%	8.8%
Other Indicators										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated									
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source									
Employee costs	Employee costs/(Total Revenue - capital revenue)	10.9%	9.6%	13.4%	17.4%	17.6%	22.2%	22.2%	28.0%	29.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	11.1%	9.6%	17.4%	22.1%	22.4%	30.4%	28.9%	36.7%	38.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.4%	0.3%	1.2%	0.9%	0.9%	1.5%	0.8%	1.0%	1.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	1.0%	1.5%	2.3%	0.5%	0.5%	0.8%	0.7%	0.9%	0.9%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	1.5	1.4	1.1	3.5	3.5	3.5	2.7	2.8	2.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	961.4%	207.3%	160.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	18.9	15.8	25.3	28.8	26.0	30.9	29.6	36.0	37.3

DC10 Cacadu Supporting Table SA10 Funding measurement

Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	363,453	384,310	366,697	360,222	322,238	296,570	291,925	280,594	274,567
Cash + investments at the yr end less applications - R'000	18(1)b	282,085	117,313	175,752	177,575	113,031	74,413	70,766	60,049	27,550
Cash year end/monthly employees/supplier payments	18(1)b	18.9	15.8	25.3	28.8	26.0	30.9	29.6	36.0	37.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	16,809	(14,331)	(15,060)	-	-	(23,919)	-	-	-
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	55.2%	45.2%	(106.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	325.6%	100.0%	100.0%	99.2%	99.2%	92.5%	97.8%	97.6%	97.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	49.0%	(41.4%)	4.0%	23.3%	23.3%	4.8%	41.3%	6.1%	5.8%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							0.0%	0.0%	0.0%
Current consumer debtors % change - incr/(decr)	18(1)a	N.A.	(73.1%)	(3.6%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
Long term receivables % change - incr/(decr)	18(1)a	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	1.4%	1.3%	3.6%	2.4%	2.4%	2.4%	1.3%	1.3%	1.2%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a		20.1%	12.6%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
% incr in Service charges - other	18(1)a		(48.7%)	6.2%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	1,127	1,405	1,746	1,073	1,073	1,050	1,120	1,180	1,250
Service charges		257	414	630	-	-	-	-	-	-
Property rates		31	174	367	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		191	208	227	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse removal		21	25	29	-	-	-	-	-	-
Service charges - other		14	7	7	-	-	-	-	-	-
Rental of facilities and equipment		870	991	1,115	1,073	1,073	1,050	1,120	1,180	1,250
Capital expenditure excluding capital grant funding		3,742	3,397	7,103	6,552	7,856	4,552	16,110	12,000	6,500
Cash receipts from ratepayers	18(1)a	15,309	2,513	4,634	47,463	46,281	3,094	29,891	28,658	27,967
Ratepayer & Other revenue	18(1)a	4,702	2,513	4,634	47,827	46,645	3,345	30,551	29,351	28,684
Change in consumer debtors (current and non-current)		(6,167)	(7,920)	(105)	(2,808)	(2,808)	(2,808)	-	-	-
Operating and Capital Grant Revenue	18(1)a	227,538	284,093	176,353	125,021	124,046	102,184	105,824	81,486	84,938
Capital expenditure - total	20(1)(vi)	3,742	3,397	7,103	6,552	7,656	4,552	16,110	12,000	6,500
Capital expenditure - renewal	20(1)(vi)	-	-	-	-	-	-	-	-	-
Supporting benchmarks										
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										
DoRA capital grants total MFY										
Provincial operating grants										
Provincial capital grants										
District Municipality grants										
Total gazetted/advised national, provincial and district grants								-	-	-
Average annual collection rate (arrear inclusive)										
DoRA operating										
Local Government Equitable Share								17,118	18,683	21,059
RSC Levy Replacement								54,207	55,833	57,507
Finance Management								1,250	1,500	1,250
Municipal Systems Improvement								1,140	200	200
Restructuring grant								-	-	-
Municipal Infrastructure Grant								18,099	530	-
Other transfers/grants [insert description]								-	-	-
								91,814	76,746	80,016
DoRA capital										
List capital grants										

DC10 Cacadu Supporting Table SA10 Funding measurement

Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Trend										
Change in consumer debtors (current and non-current)		(6,167)	(7,920)	(105)	(2,808)	-	-	-	-	-
Total Operating Revenue		273,695	315,325	196,508	191,778	189,620	122,129	153,300	128,239	130,512
Total Operating Expenditure		256,886	329,657	211,568	191,778	189,620	146,048	153,300	128,239	130,512
Operating Performance Surplus/(Deficit)		16,809	(14,331)	(15,060)	-	-	(23,919)	-	-	-
Cash and Cash Equivalents (30 June 2012)								291,925		
Revenue										
% Increase in Total Operating Revenue			15.2%	(37.7%)	(2.4%)	(1.1%)	(35.6%)	(19.2%)	(16.3%)	1.8%
% Increase in Property Rates Revenue			464.6%	110.6%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Electricity Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Property Rates & Services Charges			61.2%	52.2%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
Expenditure										
% Increase in Total Operating Expenditure			28.3%	(35.8%)	(9.4%)	(1.1%)	(23.0%)	(19.2%)	(16.3%)	1.8%
% Increase in Employee Costs			2.3%	(13.7%)	27.5%	0.0%	(18.9%)	1.7%	5.6%	5.4%
% Increase in Electricity Bulk Purchases			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Cost Per Budgeted Employee Position (Remuneration)				276261.8204	352261.0526			358398.9474		
Average Cost Per Councillor (Remuneration)				181491.2463	237118.5185			229577.7778		
R&M % of PPE		1.4%	1.3%	3.6%	2.4%	2.4%	2.4%	1.3%	1.3%	1.2%
Asset Renewal and R&M as a % of PPE		1.0%	1.0%	3.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%
Debt Impairment % of Total Billable Revenue		49.0%	(41.4%)	4.0%	23.3%	23.3%	4.8%	41.3%	6.1%	5.8%
Capital Revenue										
Internally Funded & Other (R'000)		3,742	3,397	7,103	6,552	7,656	4,552	16,110	12,000	6,500
Borrowing (R'000)		-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		-	-	-	-	-	-	-	-	-
Internally Generated funds % of Non Grant Funding		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Expenditure										
Total Capital Programme (R'000)		3,742	3,397	7,103	6,552	7,656	4,552	16,110	12,000	6,500
Asset Renewal		-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash										
Cash Receipts % of Rate Payer & Other		325.6%	100.0%	100.0%	99.2%	99.2%	92.5%	97.8%	97.6%	97.5%
Cash Coverage Ratio		0	0	0	0	0	0	0	0	0
Borrowing										
Credit Rating (2009/10)								0		
Capital Charges to Operating		0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing Receipts % of Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves										
Surplus/(Deficit)		282,085	117,313	175,752	177,575	113,031	74,413	70,766	60,049	27,550
Free Services										
Free Basic Services as a % of Equitable Share		0.6%	0.5%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)		0.1%	8.4%	13.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
High Level Outcome of Funding Compliance										
Total Operating Revenue		273,695	315,325	196,508	191,778	189,620	122,129	153,300	128,239	130,512
Total Operating Expenditure		256,886	329,657	211,568	191,778	189,620	146,048	153,300	128,239	130,512
Surplus/(Deficit) Budgeted Operating Statement		16,809	(14,331)	(15,060)	-	-	(23,919)	-	-	-
Surplus/(Deficit) Considering Reserves and Cash Backing		298,894	102,982	160,692	177,575	113,031	50,495	70,766	60,049	27,550
MTREF Funded (1) / Unfunded (0)		1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		✓	✓	✓	✓	✓	✓	✓	✓	✓

CHAPTER 8



Overview Of Budget- Related Policies

CHAPTER 8

OVERVIEW OF BUDGET-RELATED POLICIES

Budgeting is central to the process of prioritizing for service delivery and the management of the functions of Council. The Cacadu District Municipality's budgeting process is guided and governed by relevant legislation regulations and budget related policies.

The following budget-related policies were reviewed as part of the budget planning process:

- Banking and Investment Policy;
- Budget Policy;
- Supply Chain Management Policy;
- Virement Policy;
- Credit Control and Debt Collection;
- Tariff Policy; and
- Revenue By-Laws.

Due to the significant changes to budget related policies in 2011/2012 as a result of the demarcation process and incorporation of District Management Areas into the various local municipal areas, the policies were all revised and adopted in the previous year. These policies remain intact, other than the following:

Banking and Investment Policy

Section 13 (2) of the MFMA requires that a municipality have a policy dealing with cash management and investment.

The Cacadu District Municipality's Cash Management and Investment Policy are developed within the framework of the MFMA. There was however a need to revise the policy.

Supply Chain Management Policy

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

The Cacadu District Municipality has a Supply Chain Management Policy, within the framework of the relevant legislation and regulations. There were however significant changes to the relevant legislation and regulations and therefore the Supply Chain Management Policy need to be updated to comply with the relevant legislation and regulations.

It is therefore necessary to recommend that the council rescinds the existing Budget Related policy as detailed below:

- Supply Chain Management Policy; and

And to adopt the revised Budget Related Policies:

- Banking and Investment Policy;
- Draft Supply Chain Management Policy;