

HAVE YOUR SAY

6 February 2016 – 3 March 2016

**MID-YEAR ADJUSTMENTS TO THE
2015/16 – 2017/18 MEDIUM-TERM REVENUE AND
EXPENDITURE FRAMEWORK**

AND

**MID-YEAR ADJUSTMENTS TO THE 2015/16
CORPORATE SCORECARD**

2015/16 – 2017/18 Medium-term Revenue and Expenditure Framework

Current	Mid-year adjustments	Page
National and provincial allocations as per the 2015 Division of Revenue Bill (DORb) and the 2015 Provincial Gazette Extraordinary	National and provincial allocations as per the 2015 Division of Revenue Act (DORA) and the 2015 Provincial Gazette Extraordinary	125
In drafting the 2015/16 MTREF, special attention was given to national and provincial influences, which included the following:	In preparing the 2015/16 MTREF, special attention was given to national and provincial influences, which included the following:	125
Salaries, wages and related staff cost Expenses The three-year salary and wage collective agreement for local government ends in 2014/15. In the absence of a concluded agreement, the 2015/16 MTREF was prepared using the methodology applied in the previous agreement. In terms of the agreement, the salary and wage increases were annually calculated for all three years using the average CPI for the period 1 February of the previous year to 31 January of the forecast budget year, plus a further percentage, which reduces over the MTREF period (2%, 1,25% and 1% over the three-year MTREF period). The actual CPI for the period 1 February 2014 to 30 November 2015 (as per Statistics South Africa) is 6,14% (December and January outcome projected). Therefore, the salary provision made for the 2015/16 financial year is 8,14% (6,14% + 2%). In addition, provision was made for an incremental allowance of 2% to cater for performance and other notch increases. The graph below shows the consistent above-CPI salary increases for the last three years and for the projected MTREF	Salaries, Wages & related staff cost expenses The South African Local Government Bargaining Council (SALGBC) Salary and Wage Collective Agreement for the period 2015 to 2018 was signed in August 2015. In terms of the agreement the salary increase was set at 7% for 2015/16. In addition, provision was made for an incremental allowance of 2% to cater for performance- and other notch increases. The graph below shows the consistent above-CPI salary increases for the last three years and for the projected MTREF period.	127

period.		
The outcome of this ratio for the City averages 9,4% over the 2015/16 MTREF period.	The outcome of this ratio for the City averages 9,3% over the 2015/16 MTREF period.	128

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Table 7.3: capital budget over the MTREF

Funding Source	Budget Year 2015/16 R' 000	Budget Year+1 2016/17 R' 000	Budget Year +2 2017/18 R' 000
CGD	2,277,574 2,531,218	2,492,837 2,467,206	2,584,489 2,419,961
CRR	1,003,958 978,681	677,004 948,608	487,265 505,550
Revenue	183,188 105,646	15,834 71,676	16,450 16,200
EFF	2,579,264 2,529,240	2,327,888 2,543,819	2,291,866 2,295,650
TOTAL	6,043,985 6,144,784	5,513,563 6,031,309	5,380,070 5,237,361

The External Financing Fund (EFF) over the three years averages R2,4 billion.	The External Financing Fund (EFF) over the three years averages R2,5 billion.	129
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2015 Division of Revenue Bill	2015 Division of Revenue Act	131
Equitable share provisions included in the budget are based on the 2015 Division of Revenue Bill (DORb) . The following indicative equitable share amounts were	Equitable share provisions included in the budget are based on the 2015 Division of Revenue Act . The following indicative equitable share amounts	132

allocated to the City as per the 2015 DORb:	were allocated to the City as per the 2015 DORA.	
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Table 7.4: Summary of parameters applied to operating budget				132
	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
EXPENDITURE PARAMETERS:				
Salary increase				
Salary increase (SALGA Agreement)	8.14% 7.00%	6.85%	6.40%	
Other:				
Capital (EFF component) expenditure	R2.579bn R2.529bn	R2.328bn R2.544bn	R2.292bn R2.296bn	

MID-YEAR ADJUSTMENT - ONE YEAR CORPORATE SCORECARD 2015/2016

SFA	Objective	Key Performance Indicator	Annual Target 2015/2016	PROPOSED QUARTERLY TARGETS 2015/2016			Proposed Annual target 2016/2017	MOTIVATION
				Mar-16	Jun-16	Jun-17		
SFA 1 - THE OPPORTUNITY CITY	1.2 Provide and maintain economic and social infrastructure to ensure infrastructure-led economic growth and development	1.8 Percentage spend of capital budget	90%	55.79% Proposed Target 45.54%	90%	-	Target aligned with the Adjustment Budget tabled in Council on the 28 January 2016.	
		1.9 Rand value of capital invested in engineering infrastructure	R1,98bn Proposed Target R3,9bn	R9,97bn Proposed Target R1,95bn	R1,98bn Proposed Target R3,9bn	-	Target aligned with the Adjustment Budget tabled in Council on the 28 January 2016.	
SFA 3 - THE CARING CITY	3.7 Provide effective primary health- care services	3.1 New-Smear-Positive-TB-Cure-Rate- Proposed Indicator: <u>Percentage HIV positive TB patients on anti-retroviral treatment (ART)</u>	83% (2014/2015) Proposed Target: 87% (2014/2015)	83% (2014/2015) Proposed Target: 87%	83% (2014/2015) Proposed Target: 87% (2014/2015)	83% (2015/2016) Proposed Target: 87% (2015/2016)	It is proposed that the current indicator in the Corporate Scorecard be replaced with the new indicator as proposed. The data collation process for the existing indicator was problematic due to the changes made to the data collection and management system, ETRnet, which is under the ownership of the National Department of Health, through an external service provider.	
		5.3 Ensure financial prudence, with clean audits by the Auditor-General	5.1 Net Debtors to Annual Income (Ratio of outstanding service debtors to revenue actually received for services) Proposed Indicator change	21.5%	19.5%	21.5%	-	Targets are to be determined after the adjustment budget is approved at Council in January 2016
SFA 5 - THE WELL RUN CITY		5.1 Net Debtors to annual revenue (ratio of outstanding service debtors to revenue actually received for services)	21.5%	19.5%	21.5%	-	Targets are to be determined after the adjustment budget is approved at Council in January 2016	

MID-YEAR ADJUSTMENT - ONE YEAR CORPORATE SCORECARD 2015/2016

		INDICATOR DEFINITION
INDICATOR	IDP	
<p>3.I New Smear Positive TB Cure Rate</p> <p>Proposed Indicator change:</p> <p><u>3.1 Percentage HIV positive TB patients on anti-retroviral treatment (ART)</u></p>		<p>The indicator measures the number of new smear-positive pulmonary TB cases started on treatment for whom there is bacteriological confirmation that the patient has responded to treatment and can be considered cured:</p> <p>Numerator: Number of new smear-positive pulmonary TB cases started on treatment on whom there is bacteriological confirmation that the patient has responded to treatment and can be considered cured</p> <p>Denominator: Number of new smear-positive pulmonary TB cases</p>
<p>5.I Net Debtors to annual income (ratio of outstanding service debtors to revenue actually received for services)</p> <p>Proposed Indicator change</p> <p><u>5.1 Net Debtors to annual revenue (ratio of outstanding service debtors to revenue actually received for services)</u></p>	<p>3.7 (a)</p> <p>5.3 (a)</p>	<p>The percentage indicates the previous financial year's figures. For 2012/13 it will be financial year 2011/12, etc.</p> <p>Proposed Definition change:</p> <p>This indicator measures the percentage of HIV positive TB patients on anti-retroviral treatment (ART) at the time of TB treatment outcome. There will be a reporting time lag, e.g. patients who started TB treatment between 1 July 2014 and 30 September 2014: outcomes will only be reported by October 2015.</p> <p>This is a calculation where we take the net current debtors divided by the total operating revenue.</p>
<p>5.J Debt coverage by own billed revenue</p>	<p>5.3 (a)</p>	<p>This is a calculation where we take the total debt divided by the total annual operating income.</p> <p>Proposed Definition change:</p> <p><u>This is a calculation where we take the total own billed revenue divided by the total debt</u></p>