
Refer to : **Mr. M Mothekhe**
Reference No: **4/4/1**
Extension : **8543**
Date : **21 November 2022**

**THE SPEAKER
COUNCIL ITEM**

UPDATE REPORT : WARD COMMITTEE STIPEND

1. Purpose:

The purpose of this report is to appraise and provide report back to the Municipal Council on the status of the stipend payable to ward committee members

2. Background

During the June 30 Municipal Council meeting, a report with the following heading “Request to Adjust the Ward Committee Stipend” was considered and approved by the Municipal Council. The principle approval of this report is based on the following key issues, namely;

- That an adjustment of R 1 000 be made on the stipends payable to ward committee members. The Municipal Council noted that the increase be effected from R 1 000 which had been in place since June 2006. This imply that the total adjustment will be R 2000 and that the adjustment be effective from July 01, 2022.
- The Council made the adjustment based on the understanding and undertaking that this stipend will give ward committee members a R 2 000 in their pocket.
- The other benefits accorded to the ward committees include the following, namely UIF and Skills levy contribution the municipality is making on a month to month basis.
- A total of 510 ward committee members who had been elected for the current term of office are receiving the monthly stipend.
- The Municipal Council adopted and approved stipend policy in order to regulate the payment of ward committee stipends.

3. Strategic Objective

To attain the strategic objectives of public participation and good governance

4. Deliberations

Administrative challenges were encountered with regards, to the adjustments made on the stipends of the ward committee members, the huddle which still needs to be overcome is that the Salary division deducts PAYE (Pay As You Earn) of R 500 on the R 2 000 monthly (which is a 25% tax deduction), this meaning that the ward committee members received an amount of R 1 500 in their bank accounts. The intended objective of giving ward committee members R 2 000 in their pocket could not be achieved due to this tax implications.

This issue could not be brought back to the Municipal Council for review and reconsideration due to the provisions of our Standing Rules and Orders in particular Rule 29. In the meantime the administration engaged SARS head office to seek for PAYE exclusion for the ward committee stipends. Below is the summary of the engagements with SARS on the 24 August 2022.

4.1. Summary of engagements with SARS

A virtual meeting took place with SARS on the 24th August 2022. Our delegation was led by the Chairperson of Remunerations Committee, Councillor Ntombi Nhlapo. SARS did not agree with our presentation or proposal and raised three issues namely;

- That any South African receiving a payment or earning is required to pay tax and that it be noted that the stipend tax bracket is lower than those receiving a structured salary. All types of stipends are taxed at 25%.
- SARS further recommended that ward committee members must submit tax returns and should claim for all the out-of-pocket expenses borne out of official travelling, including telephone costs.

5. Financial Implications

The Municipal Council on the 30 June adjusted the stipends by 100% which had been well received with appreciation by the ward committee members. Although it may not be necessary to highlight this facts. The biggest cost drive of expenses for the ward committee members remains travelling and cellular phone expenses. Three ward committees were interviewed by the Secretariat during the second week of November to determine, the travelling and cellular phone expenses.

Assessment of ward committee members expenses:

The secretary of ward 2 in Bloemfontein; highlighted that on average they spend above **R 450 a month, on travelling** within the ward, mostly to attend to service delivery challenges, indigent issues and attending ward committee meetings. The ward committee was holding one meeting per month and each ward committee member has a designated block, which is comprised of a number of streets.

It was further clarified that each ward committee member created a block whatsapp group to ensure effective communication. the next cost drive is the **cellular phone costs** which is above **R 350**. **Stationery** was another expense ward committee members were paying, and the average amount was about R 100 a month. The ward 2 committee like most wards had created a watsup group which has reduced cell phone costs dramatically. The secretary of ward 2 requests that the stipend be increased to R 5000 per month to meet the out of pocket expenses of members.

Ward 35 Secretary in Botshabelo:

Ward 35 secretary in Botshabelo; highlighted that on average they spend above **R 550 a month, on travelling** within the ward, mostly to attend service delivery challenges, indigent funerals and attending ward committee meetings. A growing concern in Botshabelo is the upswing in child headed families which most members of the ward committee are at best attending to. The next cost drive is the **cellular phone costs** which is above **R 350**, ward 35 committee like most wards had created a whatsapp group which has reduced cell phone costs dramatically.

Ward 41 Secretary In Thaba Nchu:

Ward 41 secretary in Thaba Nchu; highlighted that on average they spend above **R 600 a month, on travelling** within the ward, the ward is predominantly rural and is comprised of villages and part of Thaba Nchu township. Issues impacting on service delivery are shared between Mangaung and Eskom. Eskom is the electricity supplier in most of the Thaba Nchu area, including the villages, and most incidents reports are done through the members of the ward committee. mostly to attend service delivery challenges, indigent funerals and attending ward committee meetings. And the turn around times from Eskom is four working days. The next cost drive is the **cellular phone costs** which is above **R 450**, ward 41 committee like most wards had created a whatsapp group which has reduced cell phone costs dramatically. The only difference between the wards is the vastness of their areas and the situation is a bit different than Bloemfontein wards. The ward secretary stated that the current stipends does not meet their out of pocket expenses and requests the municipal council to look into the matter.

6. Legislative Implications

Municipal Conditions of service stipulates that salary and benefits of employees can only be increased once annually. However we are quite aware that ward committees do not fall under employees and thus the conditions of service do not apply to them, moreover ward committees do not receive a salary, rather get a monthly stipend. The most relevant legislation governing ward committee stipends is the "Criteria for the out of expense for Ward committee members, 2009" gazette, and it is not prescriptive, but mostly provide a guide on this issue.

7. Recommendations

It is hereby recommended that -:

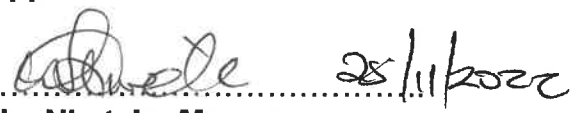
- a) That the Municipal Council takes note of the update;
- b) That the Municipal Council is requested to review the current situation relating to the stipends accorded to the ward committee;
- c) That should the Municipal Council resolve to provide ward committee members R 2 000 (after tax) in the pocket , then the Acting City Manager is requested to make the necessary budgetary adjustment during February 2023.

Submitted by



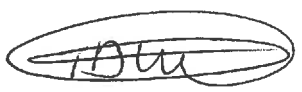
Mr. Motete Mothekhe
GM: Secretariat Services

Supported



Adv. Nkateko Mpangane
Acting HOD: Corporate Services

Recommended



Mr. Tebogo Motlashuping
Acting City Manager

25/11/2022

Concurrence



Ms. Gugu Malaza
National Cabinet Rep.

25/11/2022

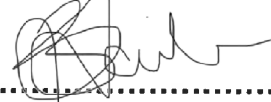
Recommended



Councillor N Nhlapo
Chairperson: Remunerations

07/12/2022

Approved



Councillor SB Naidoo- Lockman
Speaker

07/12/2022