

ANNEXURE B: Operating Expenditure Explanations

16. Budget & Treasury Office

The under-spending on personnel expenditure is due to the vacancy of the Senior Salary Officer that existed therefore the decrease in personnel expenditure even after the 13% increase of the Collective Agreement is accommodated. As the Roll-Over Finance Management Grant balance from 2008/2009 had to be included in the Revenue Adjustment, the expenditure on the Finance Management Grant had to be increased with R 477,000 accordingly. The audit fees of R 1250,000 were lower than budgeted as the AG didn't implement the full increase they projected of 25-30%.

17. Office of the Municipal Manager

The under-spending is due to vacancies for the Municipal Manager and Head: IDP therefore the decrease in personnel expenditure even after the 13% increase of the Collective Agreement is accommodated. The Assistant: IDP position was also vacant at the beginning of the budget year, but has subsequently been filled. The position of the MM has been filled, but the Head: IDP is still vacant. As the Roll-Over Finance Management Grant balance from 2008/2009 had to be included in the Revenue Adjustment, the expenditure on the Finance Management Grant had to be increased with R 217,694 accordingly.

18. Corporate Support & Shared Services Department

The under-spending is due to vacancies that exist for the Divisional Manager: HR, HRD Officer, Gardener at Modimolle Disaster Centre and Gardener at Lephalale Disaster Centre therefore the decrease in personnel expenditure even after the 13% increase of the Collective Agreement is accommodated. Vehicle cost, programming and the employee assistance program was over-budgeted with R 100,000 each, but depreciation had to be increased due to transfer of Health vehicles back to administration after travel allowances was granted for all health practitioners.

19. Planning & Economic Development Department

The personnel expenditure of the department had to be increased to accommodate the 13% annual increase in terms of the Collective Agreement effective 1 July 2009 versus the 10% annual increase budgeted in the original 2009/2010 personnel budget.

20. Infrastructure Department

The personnel expenditure of the department had to be increased to accommodate the 13% annual increase in terms of the Collective Agreement effective 1 July 2009 versus the 10% annual increase budgeted in the original 2009/2010 personnel budget. The Subsistence & Travel budget of Infrastructure employees is proposed to be increased by R 90,000 due to a significant increase in travel claims in comparison to the 2008/2009 budget year.

21. Office of the Executive Mayor

The under-spending is due to vacancies that exist for the S57 Manager in the Office of the Executive Mayor and other positions that were vacant for portions of the year, amongst others, the driver and personal assistant of the Executive Mayor. Therefore the decrease in personnel expenditure even after the 13% increase of the Collective Agreement is accommodated. The total salary increase budgeted for Councilors was also originally 10% but only 7.5% annual increase was approved by the Minister in the Upper Limits Gazette of December 2009. The loss of R 193,906 on the trade-in of the previous Touareg V50 for the new Touareg R50 in July 2009 was not budgeted for and has to be included as increased expenditure.

22. Social Development & Community Services Department

The under-spending is due to vacancies that existed for the S57 Manager: SDCS and still exists for the Air Quality Officer, therefore the decrease in personnel expenditure even after the 13% increase of the Collective Agreement is accommodated.

23. Fire Fighting Division (under the Office of the Municipal Manager)

The fire fighting claims submitted by Local Municipalities to date shows a lower expenditure rate than what was anticipated. The under-spending is also due to a number of vacancies that exist in the Disaster Division:

WDM

2 posts: Chief Fire officer
Admin Assistant

Modimolle Disaster Centre

4 posts: Fire prevention Officer
3 Control Room operators

Lephalale Disaster Centre

4 posts: Fire Station Officer
Control Room Operator
Clerical Assistant
Fire prevention Officer

Operating expenditure was also budgeted for the Lephalale Disaster Centre and Modimolle Disaster Centre for the whole year but none of them are operational yet.

24. Municipal Environmental Health (under the SDCS Department)

The under-spending in the department was due a number of vacancies that exist such as 4 Health Practitioners in Mogalakwena, Heads of Health Services in Mogalakwena, Mookgophong and Modimolle and now also the Divisional Manager: Health in the office of WDM. An increase on Subsistence & Travel of Health Practitioners of R 430,000 is requested by the department making the project S&T claims per month approximately R 85,000. The claims for November and December 2009 were over R 100,000 each. This is due to the municipal vehicles that were utilized

by Health Practitioners being transferred back to Corporate Services and each Practitioner receiving a travel allowance & travel claims. This in retrospect was a very costly decision.

25. Abattoir

Temporary workers were appointed at the abattoir for period where permanent staff was on extended leave, such as sick leave, annual leave or maternity leave. These appointments were not budgeted for. The minimum wage allowance for temporary workers also had to be increased in terms of the Collective Agreement effective 1 July 2009.

Three temporary workers had to be appointed in December when permanent staff was on annual leave during the week of office closure from 25 December 2009 to 1 January 2010. These appointments were not budgeted for.

The budgeted wages will also have to be increased with a back pay amount for the increased salary of one worker at the Abattoir as was agreed with SAMWU.

The total increase to Wages amounts to R 190,265.

The overtime allowances are managed better, though, and a savings has been declared on overtime.

There are also claims that exceeded the budget allocation for the year. Damaged meat claims paid out up to December 2009 is R 20,288-60 but the budget for the full year is R 5,500. A portion of these damaged meat claims still had to be recovered from the WDM appointed Security Company at the abattoir for thefts of 4 sheep and 1 cattle that occurred at the abattoir in November 2009.

A detailed review of the Abattoir will have to be performed in light of the decrease in projected income for the year and subsequent increase in projected operating loss of the abattoir. The abattoir is a separate trading entity and is not supposed to be running at an operating loss.

All departments' personnel expenditure & amortization

The personnel expenditure in all departments have to be increased to accommodate the 13% salary and benefits increase approved by SALGA in the Collective Agreement versus the original 10% salary and benefits increase that was originally approved in the 09/10 Budget. The minimum wages budgeted also have to be increased to the SALGA approved minimum wage of R 3,850 from July 2009 and R 4,000 from January 2010.

The amortization of intangible assets budget has to be included in all departments as the impact of this new GRAP 102 requirement was not yet know at the time of the initial adoption of the 09/10 Budget.