

ITEM:

EXPENDITURE ON STAFF SALARIES, WAGES, ALLOWANCES AND BENEFITS

REPORT BY THE CHIEF FINANCIAL OFFICER

PURPOSE OF THE REPORT

The purpose is to report on expenditure on staff benefits as required by the Municipal Finance Management Act.

STATUTORY/ LEGAL REQUIREMENT

Section 66 of the Municipal Finance Management Act reads as follows:

“Accounting Officer of a municipality must in a format and as it may be prescribed, report to Council on all expenditure incurred by the municipality on staff salaries, wages and allowances and benefits, and in a manner that discloses such expenditure per type of expenditure.”

BACKGROUND, EXPOSITION, FACTS AND PROPOSAL

The report is based on a baseline of 100% (12 months). The actual and budgeted figures on staff benefits for the period ending 30 June 2013 are as follows:

DESCRIPTION	11/12 ACTUAL 30.06.2012	12/13 BUDGET	12/13 ACTUAL 30.06.2013	BASE LINE	% SPENT
Salaries and Wages	28 211 328	32 389 431	31 638 898	100%	98%
Council Contribution :					
Pension	5 145 469	5 984 056	5 728 081	100%	96%
Medical Aid	1 876 147	2 219 246	2 114 612	100%	95%
Provident Fund	285 072	388 255	336 358	100%	87%
UIF	168 789	198 878	200 166	100%	101%
Statutory contributions	606 789	871 595	893 768	100%	103%
Provision for leave	1 085 962	1 985 000	990 468	100%	50%
Continued members	425 410	470 061	476 193	100%	101%
Allowances :					
Housing Subsidy	184 800	237 860	182 436	100%	76%
Travel	4 498 155	5 463 047	5 246 955	100%	96%
Cell phone	319 098	423 920	373 158	100%	88%
Operational	0	227 500	153 000	100%	67%
Overtime Payments	137 870	278 395	166 089	100%	60%
Provision for Performance bonus	0	370 000	0	100%	0%
Volunteers - stipend	29 700	100 000	49 500	100%	50%

AN EXPLANATION ON THE EXPENDITURE VARYING BY MORE THAN 10% IS AS FOLLOWS:

Salaries, pension, medical aid, provident fund, UIF, travel allowance, housing subsidy and cell phone allowance

There are vacancies that exist in some departments due to employee's resignations and budgeted posts. The following vacancies exist:

Budget and Treasury	1 post: Senior SCM Administrator
Office of the Executive Mayor	1 post: IGR Practitioner
Planning and Development	2 posts: Section 57 Manager LED Divisional Manager
Social and Community Services	1 post: Air Quality Practitioner
Fire Fighting	1 post: Lead Fire Fighter

Operational allowance

The under expenditure is due to first claims being submitted only in the second quarter.

Provision for Performance bonus

Performance bonuses are paid only when there is a recommendation from evaluation committee. The performance bonus approved by Council in May 2013 and paid in the 2012/2013 financial year was actually for the 2011/2012 financial year hence the zero expenditure for the 2012/2013 financial year, since the May 2013 2011/2012 bonuses was paid from the 2011/2012 Provision for Performance Bonuses. Once the 12/13 assessments have been completed a 2012/2013 Provision for Performance Bonuses will be calculated for the 12/13 financial statements.

Volunteers – stipend

The volunteers' services were only needed during the fourth quarter during which there was a cholera outbreak in Mogalakwena area. The volunteers had to go around affected areas to educate people on good health practices to avoid pandemics like cholera, hence the low expenditure.

STAFF IMPLICATION

None

OTHER PARTIES CONSULTED

Divisional Managers: Budget and Treasury Office

AUTHORITY

Municipal Finance Management Act, No 56 of 2003

RECOMMENDATION

1. That the report by the Chief Financial Officer regarding expenditure on staff salaries, wages, allowances and benefits as at 30 June 2013 as contained in the agenda, be noted.