

**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 50% (06 months). The actual and budgeted figures on staff benefits for the period ending 31 December 2012 are as follows:

<b>DESCRIPTION</b>	<b>11/12 ACTUAL 31.12.2011</b>	<b>12/13 BUDGET</b>	<b>12/13 ACTUAL 31.12.2012</b>	<b>BASE LINE</b>	<b>% SPENT</b>
Salaries and Wages	11 750 288	34 154 431	15 900 529	50%	47%
Council Contribution :					
Pension	2 113 218	6 404 056	2 833 237	50%	44%
Medical Aid	750 002	2 389 246	1 018 484	50%	43%
Provident Fund	113 569	378 255	165 731	50%	44%
UIF	69 119	198 878	96 288	50%	48%
Statutory contributions	140 642	886 595	433 452	50%	49%
Provision for leave	573 770	1 835 000	609 245	50%	33%
Protective Clothing	15 190	0	0	0	0
Continued members	176 621	450 061	227 124	50%	50%
Allowances :					
Housing Subsidy	74 564	297 860	95 532	50%	32%
Travel	1 819 338	5 788 047	2 593 932	50%	45%
Cell phone	128 155	448 920	185 254	50%	41%
Operational	0	380 000	63 000	50%	17%
Overtime Payments	43 755	178 395	86 416	50%	48%
Provision for Performance bonus	0	585 000	0	50%	0%
Volunteers - stipend	0	100 000	0	50%	0%

**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 newly budgeted posts that have not been filled yet. The following vacancies exist:

Budget and Treasury	2 posts: Senior SCM Administrator Finance Intern
Corporate Support & Shared Services	1 post: Section 57 Manager
Planning & Economic Development	1 post: DM Economic Development
Infrastructure Development	1 post: Section 57 Manager
Office of the Executive Mayor	2 posts: Committee Officer IGR Practitioner
Social Development & Community Services	1 post: Air Quality Assistant

**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 2011/2012 performance bonuses performance process has not yet been finalised, the assessments were done, but evaluation committee and performance audit committee meetings have not yet been held.

**Volunteers – stipend**

The service of volunteers was not required in the second quarter.

**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 quarterly report by the Chief Financial Officer regarding expenditure on staff salaries, wages, allowances and benefits of officials as at 31 December 2012 as contained in the agenda, be noted.