

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 75% (9 months). The actual and budgeted figures on staff benefits for the period ending 31 March 2012 are as follows:

DESCRIPTION	10/11 ACTUAL 31.03.2011	11/12 BUDGET	11/12 ACTUAL 31.03.2012	BASE LINE	% SPENT
Salaries and Wages	18 930 445	29 470 710	20 894 972	75%	71%
Council Contribution : Pension	3 234 949	5 539 420	3 833 218	75%	69%
Medical Aid	1 215 354	2 111 851	1 375 890	75%	65%
Provident Fund	173 510	326 559	210 484	75%	64%
UIF	116 743	186 933	125 289	75%	67%
Statutory contributions	223 487	786 107	250 411	75%	32%
Provision for leave	713 841	1 470 000	902 439	75%	61%
Protective clothing	25 316	37 800	15 190	75%	40%
Continued members	309 362	440 990	329 467	75%	75%
Allowances :					
Housing Subsidy	129 563	235 980	137 556	75%	58%
Travel	2 949 542	4 964 513	3 324 373	75%	67%
Cell phone	208 271	367 028	235 071	75%	64%
Overtime Payments	32 519	123 073	75 632	75%	61%
Provision for Performance bonus	0	758 882	0	75%	0%
Volunteers - stipend	146 850	80 000	0	75%	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 employees resignations. The following vacancies exist:

Budget and Treasury	1 post: Creditor's Clerk
Corporate Support & Shared Services	1 post: Section 57 Manager
Office of the Executive Mayor	1 post: Section 57 Manager
Fire Fighting	2 Posts: Fire Prevention Officer Fire Station Officer

Statutory contribution

The under expenditure on statutory contributions is due to the Workmens' Compensation that is paid only once towards year end.

Protective clothing

In the first quarter, protective clothing was only procured by Social Services and Municipal Health departments.

Provision for Performance bonus

Performance bonuses are paid only when there is a recommendation from evaluation committee.

Volunteers – stipend

The service of volunteers were still not required in the third quarter of the current financial year hence the non 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 31 March 2012 as contained in the agenda, be noted.