

**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% (09 months). The actual and budgeted figures on staff benefits for the period ending 31 March 2013 are as follows:

<b>DESCRIPTION</b>	<b>11/12 ACTUAL 31.03.2012</b>	<b>12/13 BUDGET</b>	<b>12/13 ACTUAL 31.03.2013</b>	<b>BASE LINE</b>	<b>% SPENT</b>
Salaries and Wages	20 894 972	32 624 431	23 668 547	75%	73%
Council Contribution :					
Pension	3 833 218	6 064 056	4 277 137	75%	71%
Medical Aid	1 375 890	2 219 246	1 568 741	75%	71%
Provident Fund	210 484	378 255	250 717	75%	66%
UIF	125 289	198 878	148 062	75%	74%
Statutory contributions	250 411	751 595	530 443	75%	71%
Provision for leave	902 439	1 905 000	810 546	75%	43%
Protective Clothing	15 190	0	0	0	0
Continued members	440 990	450 061	342 509	75%	76%
Allowances :					
Housing Subsidy	137 556	237 860	138 984	75%	58%
Travel	3 324 373	5 478 047	3 898 849	75%	71%
Cell phone	235 071	448 920	278 831	75%	62%
Operational	0	227 500	108 000	75%	47%
Overtime Payments	75 632	258 395	120 942	75%	46%
Provision for Performance bonus	0	370 000	0	75%	0%
Volunteers - stipend	0	100 000	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 employee's resignations and budgeted posts. The following vacancies exist:

Budget and Treasury	1 post: Senior SCM Administrator
Office of the Executive Mayor	2 posts: Committee Officer IGR Practitioner
Planning and Development	3 posts: 1 Slaughterer 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**

11/12 Performance bonuses have been recommended by the evaluation committee, awaiting council approval.

**Volunteers – stipend**

The services of volunteers were not required in the third 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 report by the Chief Financial Officer regarding expenditure on staff salaries, wages, allowances and benefits as at 31 March 2013 as contained in the agenda, be noted.