

**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 25% (03 months). The actual and budgeted figures on staff benefits for the period ending 30 September 2010 are as follows:

<b>DESCRIPTION</b>	<b>09/10 ACTUAL 30.09.10</b>	<b>10/11 BUDGET</b>	<b>10/11 ACTUAL 30.09.10</b>	<b>BASE LINE</b>	<b>% SPENT</b>
Salaries and Wages	5 514 673	29 468 719	6 237 131	25%	21%
Council Contribution : Pension	894 993	5 508 237	994 973	25%	18%
Medical Aid	328 189	2 023 064	369 591	25%	18%
Provident Fund	47 249	309 930	50 272	25%	16%
UIF	36 034	187 639	36 644	25%	20%
Statutory contributions	65 792	743 384	75 956	25%	10%
Provision for leave	304 459	1 722 791	316 753	25%	18%
Protective clothing	0	65 900	819	25%	8%
Continued members	96 331	448 375	110 018	25%	25%
Allowances :					
Housing Subsidy	62 860	239 113	43 656	25%	18%
Travel	823 943	4 927 592	975 272	25%	20%
Cell phone	60 480	395 328	68 607	25%	17%
Overtime Payments	43 296	101 530	8 415	25%	8%
Provision for Performance bonus	0	429 718	0	25%	0%
Volunteers - stipend		130 000	0	0	0%

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

**Statutory contribution**

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

**Protective clothing**

The protective clothing will only be procured in the second quarter.

**Overtime**

A minimal amount was claimed from overtime vote in the first quarter, hence the low expenditure balance.

**Provision for Performance bonus**

Performance bonuses will only be paid after recommendations by the evaluation panel to Council.

**Volunteers stipend**

Volunteers stipends are budgeted for when there are disasters and additional staff is necessary, but there hasn't been a need for volunteers to date.

**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 September 2010 as contained in the agenda, be noted.