

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 2010 are as follows:

DESCRIPTION	09/10 ACTUAL 31.12.09	10/11 BUDGET	10/11 ACTUAL 31.12.10	BASE LINE	% SPENT
Salaries and Wages	10 816 863	29 348 719	12 682 438	50%	43%
Council Contribution : Pension	1 786 373	5 508 237	2 069 536	50%	38%
Medical Aid	644 721	2 023 064	772 486	50%	38%
Provident Fund	92 442	309 930	109 001	50%	35%
UIF	71 388	187 639	76 504	50%	41%
Statutory contributions	130 307	743 384	131 231	50%	18%
Provision for leave	512 693	1 722 791	551 951	50%	32%
Protective clothing	24 820	176 900	24 819	50%	14%
Continued members	192 207	448 375	197 772	50%	44%
Allowances :					
Housing Subsidy	109 314	239 113	87 836	50%	37%
Travel	1 657 989	4 927 592	1 988 658	50%	40%
Cell phone	113 413	395 328	138 964	50%	35%
Overtime Payments	69 081	101 530	21 411	50%	21%
Provision for Performance bonus	0	429 718	0	50%	0%
Volunteers - stipend	0	130 000	0	0	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

The under-spending is due to vacancies that exist in some departments and resignations in the previous quarter. The following vacancies exist:

Office of the Executive Mayor

4 posts: Section 57 Manager
Admin & Secretarial Assistant
Driver to the EM
Council & Committees Clerk

Municipal Environmental Health Department 6 posts: Environmental Health Practitioners

Many positions was also filled later in the first half of the financial year and thus remained vacant for a number of months in 09/10 year.

Statutory contribution

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

Provision for leave

The under expenditure on provision for leave is that the closing balance for provision for leave and subsequent annual movement in expenditure is only calculated at every year end for financial statements disclosure.

Protective clothing

The majority of protective clothing budgeted for the year has not yet been procured by the respective departments, the biggest budget allocation being to the Fire Fighting / Disaster Division.

Overtime

A minimal amount was claimed from overtime vote in the second quarter, hence the low expenditure balance. Provision is made in overtime for unforeseen disasters, especially for fire fighting and EHP staff, and such disaster has not occurred to date during the current financial year.

Provision for Performance bonus

Performance bonuses will only be paid after recommendations by the evaluation panel to Council for approval. The annual report has already been submitted to Council and the 09/10 audit report is issued.

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 31 December 2010 as contained in the agenda, be noted.