

**ITEM: 2**

**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 2011 are as follows:

<b>DESCRIPTION</b>	<b>09/10 ACTUAL 31.03.10</b>	<b>10/11 BUDGET</b>	<b>10/11 ACTUAL 31.03.11</b>	<b>BASE LINE</b>	<b>% SPENT</b>
Salaries and Wages	15 925 612	27 716 020	18 930 445	75%	68%
Council Contribution : Pension	2 664 370	5 136 647	3 234 949	75%	63%
Medical Aid	983 519	1 947 278	1 215 354	75%	62%
Provident Fund	135 437	309 930	173 510	75%	56%
UIF	105 696	187 639	116 743	75%	62%
Statutory contributions	191 856	743 384	223 487	75%	30%
Provision for leave	761 174	1 772 791	713 841	75%	40%
Protective clothing	25 892	185 900	25 316	75%	14%
Continued members	299 053	516 000	309 362	75%	60%
Allowances :					
Housing Subsidy	150 051	239 113	129 563	75%	54%
Travel	2 506 900	4 747 592	2 949 542	75%	62%
Cell phone	154 125	382 228	208 271	75%	54%
Overtime Payments	81 615	101 530	32 519	75%	32%
Provision for Performance bonus		429 718	0	75%	0%
Volunteers - stipend		179 550	146 850	75%	82%

**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, resignations and employees going on pension. The following vacancies exist:

Office of the Executive Mayor

3 posts: Section 57 Manager  
Driver to the EM  
Council & Committees Clerk

Municipal Environmental Health Department 2 posts: Environmental Health Practitioners

**Statutory contribution**

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

**Protective clothing**

Part of protective clothing was only procured in the second quarter.

**Overtime**

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

**Provision for Performance bonus**

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

**Volunteers – stipend**

In March volunteers were employed for two weeks to educate communities within the District through hygiene awareness campaign on how to prevent and control cholera.

**STAFF IMPLICATION**

- None

**OTHER PARTIES CONSULTED**

- Divisional Managers: Budget and Treasury Office

## **AUTHORITY**

- Municipal Finance Management Act, No 56 of 2003

## **RECOMMENDATION :**

### **That :**

1. The report by the Chief Financial Officer regarding expenditure on staff salaries, wages, allowances and benefits as at 31 March 2011 as contained in the agenda, be noted.
2. Positions in the Office of the Executive Mayor, namely, Driver and PA be term based and that local municipalities be encouraged to do the same.
3. Council review unnecessary positions to manage the salary percentage of the budget.