

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 100% (12 months). The actual and budgeted figures on staff benefits for the period ending 30 June 2010 are as follows:

DESCRIPTION	08/09 ACTUAL 30.06.09	09/10 BUDGET	09/10 ACTUAL 30.06.10	BASE LINE	% SPENT
Salaries and Wages	19 216 668	25 130 654	21 267 502	100%	85%
Council Contribution : Pension	3 172 553	3 946 356	3 498 678	100%	89%
Medical Aid	1 191 586	1 705 779	1 311 789	100%	77%
Provident Fund	153 974	233 554	178 807	100%	77%
UIF	134 691	176 221	139 493	100%	79%
Statutory contributions	594 152	633 354	310 353	100%	49%
Provision for leave	1 089 719	1 396 450	1 401 728	100%	100%
Protective clothing	26 183	29 720	25 892	100%	87%
Continued members	340 564	499 198	397 467	100%	80%
Allowances :					
Housing Subsidy	271 945	268 168	190 551	100%	71%
Travel	2 563 682	3 673 055	3 374 187	100%	92%
Cell phone	75 794	299 664	216 982	100%	72%
Overtime Payments	194 844	145 664	139 908	100%	96%
Provision for Performance bonus	172 254	442 987	115 500	100%	26%
Volunteers - stipend	64 800	0	0	0	N/A

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

Salaries, pension, medical aid, provident fund, housing subsidy and UIF

The under-spending is due to vacancies that exist in various departments and that existed during the year for the majority of the year. The following vacancies still exist at year end:

Municipal Manager (Disaster Centres) WDM	2 Posts: Chief fire Officer Admin Assistant
Modimolle DM	4 Posts: Fire prevention Officer 3 Control Room operators
Lephalale DM	4 Posts: Fire Station Officer Control Room operator Clerical Assistant Fire prevention Officer
Planning and Economic Development	1 Post: Agricultural Officer
Executive Mayor's Office	1 Post: Section 57 Manager
Corporate Support & Shared Services	3 Posts: HRD Officer Gardener/Cleaner (MDC) Gardener/ Cleaner (LDC)

Statutory contribution

The under expenditure on statutory contributions is due to the Workmen's Compensation that was much less than budgeted this year due to a rebate granted for our good performance and reporting on WCA.

Provision for leave

Provision for leave went slightly over the budgeted but this was compensated for by the under spending in various other personnel budget votes.

Protective clothing

The protective clothing was procured for the abattoir during the second quarter, but other departments did not spend their protective clothing budget.

Continued members

The continued member annual medical aid increase in January 2010 was less than we projected. Two of our pensioners passed away during the year which means we only pay for one member instead of two per family. One pensioner also changed to a cheaper medical aid plan.

Cell-phone allowances

Some employees are still in process of transferring accounts from Waterberg District Municipality to their own names. The vacancies that existed during the year also affect the cell phone allowance expenditure as some of the posts are linked to cell phone allowances.

Provision for Performance bonus

Performance bonuses will only be paid after recommendations by the evaluation panel. All managers were budgeted a performance bonus but per the year end valuations performed as at 30 June 2010, only two managers are eligible for performance bonuses and performance bonuses were only provided for these two managers.

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 for the year ending 30 June 2010 as contained in the agenda, be noted.