

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 2009 are as follows:

DESCRIPTION	07/08 ACTUAL 30.06.08	08/09 BUDGET	08/09 ACTUAL 30.06.09	BASE LINE	% SPENT
Salaries and Wages	15 719 077	21 059 159	19 216 668	100%	91%
Council Contribution : Pension	2 690 856	3 892 104	3 172 553	100%	82%
Medical Aid	972 735	1 355 546	1 191 586	100%	88%
Provident Fund	107 986	185 805	153 974	100%	83%
UIF	121 796	158 719	134 691	100%	85%
Statutory contributions	178 158	513 805	594 152	100%	116%
Provision for leave	43 481	1 020 00	1 089 719	100%	107%
Protective clothing	52 659	52 500	26 183	100%	50%
Continued members	288 121	365 000	340 564	100%	93%
Allowances : Housing Subsidy	213 331	296 782	271 945	100%	92%
Travel	2 044 597	2 865 537	2 563 682	100%	89%
Cell phone	0	84 024	75 794	100%	90%
Overtime Payments	93 227	300 477	194 844	100%	65%
Provision for Performance bonus	0	239 287	0	100%	0%
Volunteers - stipend	0	65 000	64 800	100%	100%

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

Salaries, pension, medical aid, provident fund, UIF, housing and travel allowance

The under-spending is due to vacancies that exist in various departments. The following vacancies exist:

Municipal Manager	3 posts: Admin Assistant Secretary Municipal Manager
Executive Mayor's Office	3posts: Div. Manager Community participation Sports, Arts & Culture Officer Section 57 Manager PA to the Executive Mayor
Social Development and Community Services	1 post: Section 57 Manager
Health	6 posts: 2 Head Health Services 4 Environmental Health Officers

Statutory contribution

The over expenditure is due Workmens' Compensation being higher than budgeted. The reason for the higher expenditure is that the top up payment for the 07/08 year based on actual figures submitted was much higher than expected. The matter was corrected to avoid re-occurrence in the 09/10 budget year. The shortfall is covered by savings in other salary votes.

Provision for leave

The over expenditure on provision for leave is due to more employees resigning this past year and thus requiring leave pay-out than what was anticipated. The shortfall is covered by savings in other salary votes.

Protective clothing

There was under spending because Infrastructure and Executive Mayor's Office did not procure protective clothing during the year although it was budgeted.

Overtime

No overtime was granted in Budget & Treasury Office, Office of the Municipal Manager and Infrastructure Development departments even though it was budgeted. This is due to austerity measures and productive working hours.

Provision for Performance bonus

Performance bonuses will not be paid out during the 0809 financial year due to non-compliance issues of PMS in the 0708 financial year. The provision for performance bonuses to be considered in 09/10 is still being calculated.

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 June 2009 as contained in the agenda, be noted.