

**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 2012 are as follows:

| DESCRIPTION                     | 11/12<br>ACTUAL<br>30.09.2011 | 12/13<br>BUDGET | 12/13<br>ACTUAL<br>30.09.2012 | BASE<br>LINE | %<br>SPENT |
|---------------------------------|-------------------------------|-----------------|-------------------------------|--------------|------------|
| Salaries and Wages              | 6 893 525                     | 34 154 431      | 7 967 447                     | 25%          | 23%        |
| Council Contribution :          |                               |                 |                               |              |            |
| Pension                         | 1 202 072                     | 6 404 056       | 1 400 292                     | 25%          | 22%        |
| Medical Aid                     | 449 287                       | 2 389 246       | 509 344                       | 25%          | 21%        |
| Provident Fund                  | 63 951                        | 378 255         | 81 995                        | 25%          | 22%        |
| UIF                             | 41 002                        | 198 878         | 44 137                        | 25%          | 22%        |
| Statutory contributions         | 83 483                        | 886 595         | 100 895                       | 25%          | 11%        |
| Provision for leave             | 439 858                       | 1 835 000       | 321 224                       | 25%          | 18%        |
| Protective Clothing             | 15 190                        | 0               | 0                             | 0            | 0          |
| Continued members               | 121 541                       | 450 061         | 122 476                       | 25%          | 27%        |
| Allowances :                    |                               |                 |                               |              |            |
| Housing Subsidy                 | 45 156                        | 297 860         | 47 766                        | 25%          | 16%        |
| Travel                          | 1 069 658                     | 5 788 047       | 1 269 416                     | 25%          | 22%        |
| Cell phone                      | 75 407                        | 448 920         | 92 027                        | 25%          | 21%        |
| Operational                     | 0                             | 380 000         | 0                             | 25%          | 0%         |
| Overtime Payments               | 11 775                        | 178 395         | 45 029                        | 25%          | 25%        |
| Provision for Performance bonus | 0                             | 585 000         | 0                             | 25%          | 0%         |
| Volunteers - stipend            | 0                             | 100 000         | 0                             | 25%          | 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**

There are vacancies that exist in some departments due to employees' resignations and budgeted posts. The following vacancies exist:

|                                     |                                                     |
|-------------------------------------|-----------------------------------------------------|
| Budget and Treasury                 | 2 posts: Senior SCM Administrator<br>Finance Intern |
| Municipal Manager                   | 1 post: IDP/PMS Officer                             |
| Corporate Support & Shared Services | 1 post: Section 57 Manager                          |
| Office of the Executive Mayor       | 2 posts: DM Council Support<br>IGR Practitioner     |
| Infrastructure Development          | 1 post: Section 57 Manager                          |
| Planning and Development            | 1 post: 1 Slaughterer                               |

### **Statutory contribution**

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

### **Operational allowance**

In the first quarter, no claims were submitted for operational allowance, hence the under spending.

### **Provision for Performance bonus**

Performance bonuses are paid only when there is a recommendation from evaluation committee.

### **Volunteers – stipend**

The service of volunteers was not required in the first quarter.

## **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 2012 as contained in the agenda, be noted.