

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 75% (09 months). The actual and budgeted figures on staff benefits for the period ending 31 March 2010 are as follows:

DESCRIPTION	08/09 ACTUAL 31.03.09	09/10 BUDGET	09/10 ACTUAL 31.03.10	BASE LINE	% SPENT
Salaries and Wages	14 248 020	25 842 496	15 925 612	75%	62%
Council Contribution : Pension	2 387 529	3 976 855	2 664 370	75%	67%
Medical Aid	879 735	1 713 779	983 519	75%	57%
Provident Fund	113 493	233 554	135 437	75%	58%
UIF	101 346	176 221	105 696	75%	60%
Statutory contributions	159 629	633 354	191 856	75%	30%
Provision for leave	676 527	1 396 450	761 174	75%	55%
Protective clothing	855	29 720	25 892	75%	87%
Continued members	252 642	499 198	299 053	75%	60%
Allowances : Housing Subsidy	201 302	268 168	150 051	75%	56%
Travel	1 940 374	3 569 551	2 506 900	75%	70%
Cell phone	51 582	298 064	154 125	75%	52%
Overtime Payments	151 289	100 867	81 615	75%	81%
Provision for Performance bonus	0	442 987	0	75%	0%

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

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

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

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
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 Workmens' Compensation that is paid only once towards year end.

Protective clothing

The protective clothing was procured for the abattoir during the second quarter.

Continued members

Mr Fick from Health Department went on pension in July 2009 and his pension was not budgeted for as we were not aware of the intention to retire. The actual increases on medical aid contributions were less than we anticipated in the budget.

Cell-phone allowances

Some employees are still in process of transferring accounts from Waterberg District Municipality to their own names.

Overtime

An amount of R27 940 was claimed from Municipal Health department. This claim relates to overtime worked in June 2009 based on the 08/09 salaries before the annual increase and the 08/09 salaries were still below the overtime notch and thus had to be paid out. The large number of hours worked was due to the cholera outbreak. The shortfall in overtime budget will be funded from savings on vacant positions in Health Department.

Provision for Performance bonus

Performance bonuses will only be paid after recommendations by the evaluation panel and approval by Council which was done in April 2010.

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 March 2010 as contained in the agenda, be noted.