

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 25% (3 months). The actual and budgeted figures on staff benefits (excluding Councillors) for the period ending 30 September 2011 are as follows:

DESCRIPTION	10/11 ACTUAL 30.09.10	11/12 BUDGET	11/12 ACTUAL 30.09.11	BASE LINE	% SPENT
Salaries and Wages	6 237 131	30 673 710	6 893 525	25%	22%
Council Contribution : Pension	994 973	5 679 420	1 202 072	25%	21%
Medical Aid	369 591	2 171 851	449 287	25%	21%
Provident Fund	50 272	326 559	63 951	25%	20%
UIF	36 644	186 933	41 002	25%	22%
Statutory contributions	75 956	786 107	83 483	25%	11%
Provision for leave	316 753	1 200 000	439 858	25%	37%
Protective clothing	819	47 800	15 190	25%	32%
Continued members	110 018	450 990	121 541	25%	26%
Allowances : Housing Subsidy	43 656	251 980	45 156	25%	18%
Travel	975 272	5 033 513	1 069 658	25%	22%
Cell phone	68 607	377 028	75 407	25%	20%
Overtime Payments	8 415	95 073	11 775	25%	12%
Provision for Performance bonus	0	856 763	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 employee resignations. The following vacancies exist:

Budget and Treasury	1 post: Divisional Manager SCM
Corporate Support & Shared Services	2 posts: Driver/Messenger General Cleaner
Planning and Economic Development	1 post: Divisional Manager LED
Office of the Executive Mayor	2 posts: Section 57 Manager Special Project Officer

Statutory contribution

The under expenditure on statutory contributions is due to the Workmens' Compensation that is paid only once a year and the invoice for this year has not been submitted yet.

Provision for leave

The majority of health officials have an August / September starting date to their employment and majority sell their excess leave when it accrues therefore a high balance of leave was paid out to EHPs in September 2011. There was also resignation, e.g. Matome Makgoba and Tinyiko Maluleke who accrued a high number of leave days that had to be paid out upon their resignations in July and August 2011.

Protective clothing

In the first quarter, the Municipal Health department procured their full protective clothing requirement for the whole of the 2011/2012 budget year.

Overtime

A minimal amount was claimed from overtime vote in this quarter, hence the low expenditure balance. This is due to stricter management and austerity measures implemented on overtime.

Provision for Performance bonus

Performance bonuses are paid only when there is a recommendation from performance evaluation committee and council approved the performance bonuses. Performance assessments for 2010/2011 have not been concluded yet and the proposal for performance bonuses still has to be submitted to Council for consideration. Only then, if anyone qualifies, will performance bonuses be paid out to qualifying S57 managers.

Volunteers – stipend

The service of volunteers were not required in the first quarter of the current financial year hence no expenditure.

STAFF IMPLICATION

As identified above

OTHER PARTIES CONSULTED

Divisional Managers: Budget and Treasury Office

AUTHORITY

Municipal Finance Management Act, No 56 of 2003

RECOMMENDATION

1. That the quarterly report by the Chief Financial Officer regarding expenditure on staff salaries, wages, allowances and benefits as at 30 September 2011 as contained in the agenda, be noted.