

ITEM (04/02/2008)

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.

BACKGROUND

Section 66 of the Municipal Finance Management Act reads as follows:

“ Accounting Officer of a municipality must in a format and for periods as 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.”

DISCUSSION

The report is based on a baseline of 50.00% (6 months). The actual and budgeted figures on staff benefits for the period ending 31 December 2007 is as follows.

	DESCRIPTION	BUDGET	ACTUAL	BASE LINE	% SPENT
1	Salaries and Wages	21 411 250	8 101 843	50%	38%
.	Council Contributions: Pension	3 962 180	1 293 773	50%	33%
	Medical Aid	1 350 750	444 900	50%	33%
	Provident Fund	136 270	48 477	50%	36%
	UIF	149 320	58 073	50%	39%
	Statutory contributions	483 460	85 866	50%	18%
	Provision for leave	133 000	-	50%	0%
	Protective clothing	21 000	-	50%	0%
	Continued members	290 000	127 576	50%	44%
	Allowances: Housing Subsidy	140 570	93 438	50%	66%
	Travel	2 862 660	902 871	50%	32%
	Overtime Payments	79 360	51 695	50%	65%

AN EXPLANATION ON THE EXPENDITURE IS AS FOLLOWS:

1. Salaries, Allowances and Contributions

Salaries, wages and contributions

The reason for the decrease in expenditure as compared to the budget is due to the vacant posts that exist in the departments as at 31 December 2007. Certain of the posts are in the process of being filled. The vacant posts per department are as follows:

Municipal Manager's Office	-	2 posts
Corporate Services	-	1 post
Planning & Econ Dev Services	-	1 post
Executive Mayor's Office	-	1 post

Statutory contributions

The under spending on statutory contributions is due to the Workmens' Compensation that is only paid once a year and it has not yet been paid in the current year.

Provision for leave

Provision for annual leave is only provided for once a year at year end.

Protective clothing

Planning and Economic Development Department is currently in the process of procuring protective clothing for the abattoir which makes up the bulk of the total budget allocation of R21,000.

Continued members

Council contributes to the medical aid of officials that retired. Council contributes to the medical aid of 14 members.

Overtime Payments

Overspending on overtime is due to claims submitted by local municipalities and province for health officials. Overtime was paid according to their old employment contracts as they have not yet signed their employment contracts with WDM. We have since stopped paying overtime, but it did have an effect on the budget.

RECOMMENDATIONS

1. That the report by the Chief Financial Officer regarding expenditure on staff salaries, wages, allowances and benefits as at 31 December 2007 as contained in the agenda, be noted.