

MANDENI MUNICIPALITY



DRAFT SUBSTANCE AND TRAVELLING POLICY 2024/2025

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5. VEHICLE ALLOWANCE

1. DEFINITIONS

For purpose of this scheme

1.1 Official Distance

The distance in kilometers travelled by an employee in his or her employer's service excluding distance place of work and residence.

1.2 Days

Indicates the numbers of working days in the service of the Council

1.3 Car ownership Cost

As reflected and maintained by automobile Association of South Africa in the for "Estimated Average Car Ownership Cost over 5 years"

The tariff is reflected in cents per kilometer and is composed following

- ❖ Fixed cost of the Vehicle
- ❖ Total running of the vehicle
- ❖ Fuel factor

1.4 Total fixed cost

The fixed costs will be as set out in the attached **Gazette no. 46015 released on the 8th of March 2022.**

1.5 Total running Cost

Average running cost are those costs vary directly with the Kilometers travelled. These are fuel, service and repairs and Tyre costs.

1.6 Fuel Factor

This is calculated by using an average of fuel consumption Figures, as published by the manufactures, per group of Vehicle within the specified engine category.

To calculate the fuel cents per km you must first determine the Prevailing of fuel price in Rands and cents (e.g as at 7 April 2021, petrol was at R17- 10 per litre and diesel at R14.77 per litre in Mandeni area.

The fuel cost cents per km calculation is then determine by multiplying the fuel factor by the Rands and cents of the fuel.

1.7 An allowance bearing Job or Post

A job or post to which a fixed or running monthly transport allowance is coupled and which qualify for a vehicle loan in terms of the scheme.

1.8 Council

Mandeni Municipality

2. OBJECTIVES OF THE SCHEME

This scheme deals with the payments of a transport allowance to Members of Council and employees of Council who are required to utilized private transport in the execution of officials duties

The objectives of the scheme are thus to provide the following:-

2.1 Uniform guidelines, conditions and limitations in terms of which the scheme is to be run in order to restrict differences between local authorities.

2.2 To make provisions for the basis of compensation and scheme benefits in respect of Employees and Councilors who utilize private transport in the execution of official duties, after prior agreement with an employee to utilize private transport for official purposes.

3. SCHEME PARTICIPATION

Any Councilor or employee of Council, who with specific agreement of his utilizes private vehicle in the execution of official duties, is a participant to the scheme subject to all the contained in the scheme.

4. SCHEME STIPULATION

This scheme provides for the participation by all employees of the Council, utilizes private transport in the executions of official duties. Admission to and participation in the scheme is thus primarily determined by the utilization of private transport purposes.

Participation in the scheme is thus determined and limited by cost advantages and economical consideration. It is therefore the responsibility of Council itself, with due consideration to the scheme stipulations, to determine to what extent private transport is to be utilized for official purposes.

4.1 Classifying of transport allowance

Provision is made in this for the payment of transport allowance in respect of the utilization of private in an official capacity.

Subject to conditions elsewhere contained in this scheme the following forms of transport allowance are distinguished: -

4.1.1 Fixed transport Allowance

The allowance is intended for incumbents of posts of municipal manager, managers reporting directly to the municipal manager and other managers/ heads of departments. It being noted that for Section 57 employees, vehicles allowance is included in the total cost to the employer, and

subject to Performance Regulations for municipal manager and managers directly accountable to the municipal manager.

It is thus a requirement that such incumbents of posts must have their subsidized private transport available on a daily basis for the execution of official duties. The payment of a monthly transport allowance is however subject to the following conditions: -

- 4.1.1.1 no official transport is provided to such incumbents;
- 4.1.1.2 the maximum distance prescribed for incumbents is not exceeded
- 4.1.1.3 residence to place of work journeys do not form part of the exceeded;
- 4.1.1.4 a subsistence and travelling is payable where an employee is required to leave municipality's area of jurisdiction and travel to a destination that is more than forty (40) radius kilometers from the area. The forty (40) radius kilometers will not apply to private motor vehicle not normally utilized for daily official purposes.
- 4.1.1.5 all other requirements contained in this scheme are complied with; and
- 4.1.1.6 where local circumstances justify or require that in respect of a certain class of employee. The restrictions contained in this scheme be relaxed, it may be done with sanction from the Council

4.1.2 A running transport allowance

When it is per agreement required from an employee to utilize private transport for the execution of official duties, and such employee

travels more than 300 km per month in the process, a monthly transport running allowance must be paid in terms of the total distance travelled, provided that the minimum limitation as agreed and stipulated by the Council is not exceeded.

- 4.1.2.1 The council will decide whether employees who qualify for scheme participation should submit a monthly log sheet and whether compensation is to be determined on a fixed average drive distance per month as determined by the Council for the particular post.
- 4.1.2.2 When the Council decides in terms of paragraph 4.1.2.1 that fixed monthly transport allowance be paid for the execution of duties applicable to any position, a provisional monthly kilometer distance, calculated to be nearest 25 kilometer for such position, will be determined after submission of a report by the relative head of department. This report will serve as the basis of assessment of the provisional monthly official kilometer distance.
- 4.1.2.3 During the first three months after the determination of the provisional monthly official kilometer distance in terms of paragraph 4.1.2.2 the documents of the specific post must maintain a daily official distance return (log sheet) of official journeys as approved by the head of department. The kilometer travelled during the foregoing months must be multiplied by the four and the result rounded off to the nearest hundred kilometers in order to obtain the annual official kilometer distance relative to the post.
- 4.1.2.4 In case the Council or incumbents of a transport allowance bearing post a predetermination of the official distance limitation connected to the position, written notice must be given to the particular head of department. Immediately after expiry of seven days of serving such notice, the relative employee

must continue for the three months to maintain a daily return of official journeys, in accordance with the stipulated in paragraph 4.4.2.3

4.1.2.5 The maximum kilometer distance (distance limitation) that Council determines for each post other than that of a head, deputy or assistant head of department as contemplated in paragraph 4.1.1 must be pertinently made known to the employee and preferably be reflected on his job description.

4.1.2.6 In case where an employee has to travel in excess of 1 500 km per month for official purposes, it is suggested as guideline that such incumbent rather be provided with an official vehicle. The Council should however itself decide on scheme admission in accordance with its own circumstances.

4.1.3 An ad-hoc transport allowance in respect of temporary and Casual official journeys.

Ad-hoc transport allowance are payable in cases where temporary or casual official journeys are undertaken by way of private transport. The following provisions apply: -

4.1.3.1 A employee occupying a transport allowance bearing position and who temporarily occupies another transport allowance bearing position and vacates his own position, is from that date, and for as long as he/she temporarily acts in other position, paid a transport allowance applicable to his own position, whichever one is the higher, and the transport allowance payable in terms of this paragraph, is calculated as follows:

$\frac{C1}{k} - \frac{C2}{m}$

$A = (b \times 12 \times f + (b \times 12 \times f))$

Where A = the monthly transport allowance

b= total vehicle ownership cost per kilometer based on the actual.

New purchase price of the vehicle provided by the employee,
Subject to the provisions of paragraph 5 and on an annual kilometer distance of 14 000;

C1= official annual kilometer distance in respect employee's own post as determined;

C2= official annual kilometer distance in respect of the post, temporary occupied by the employee as determined

F= number of working days in calendar month for which the transport allowance are calculated;

K=number of working days that employee occupies his own post in the calendar month mentioned in f' and

M=number of working days in the calendar month mentioned in f that the employee occupies the temporary position mentioned in c2.

- 4.1.3.2 An employee who occupies allowance bearing post and who temporary, apart from his own duties, occupies that of another employee for a period of five working days per month or more will receive the transport allowance applicable to the post occupied by him/her, as well as an additional amount for official kilometers travelled in the execution of duties applicable to the post of the other employee. The additional amount, payable after submission of daily return, is calculated as follows:

$$A = g \times a$$

Where A =additional amount;

G= total running costs per kilometer;

A= kilometer distance travelled in execution of duties applicable to the post of the other employee

- 4.1.3.3 An employee who does occupy a transport allowance bearing post, when acting temporarily in the place of an employee who does not occupy a transport allowance bearing post, will, if such employee provides

a private vehicle for the period during which so acting receive the transport allowance applicable to such transport allowance is calculated as follows:

$$A = b \times 12 \times \frac{c}{e} \times f$$

Where A= transport allowance payable;

B= total vehicle ownership cost per kilometer based on the actual new purchase price of the vehicle provided by the employee, subject to the provisions of paragraph 5 and on an annual kilometer distance of 14 000 kilometers;

c=annual kilometer distance as determined in respect of the post in which the employee temporary acts;

e= number of working days that the employee acts in the temporary post in the calendar month mentioned in f; and

f- number of working days in the calendar month for which the transport allowance is calculated.

- 4.1.3.4 Any employee the abovementioned paragraph do not apply and who, on instruction from a head of department, provide casual transport in service of the Council, will be paid a transport allowance for the actual for the actual kilometer distance travelled, including one return journey between residence and place of work a maximum of 10 km return for every day that the employee provides such transport in the Council's service. The transport allowance is calculated as follows:

$$A = b \times c$$

Where A = the casual transport allowance payable;

B= total vehicle ownership cost per kilometer based on the actual new purchase price of the vehicle provided by the employee, subject to the provision of paragraph

5 and on an annual kilometer distance of 14 000 kilometer; and

4.2 Calculation of Transport allowance

4.2.1 Basis of Compensation allowance (AA Tables)

All transport allowance payment are calculated in accordance with the tables of the Automobile Association of South Africa for 'Estimated Average Car Ownership Cost 'over six years.

4.2.1.1 Fixed Cost

This factor includes the following elements, i.e depreciation on new car value, loss of interest (at current rates), comprehensive insurance (based on Reef premiums), license, registration and parking fees. To calculate fixed cost, relate the actual purchase price with the annual distance applicable in the case. Four purpose pf fixed cost, the purchase of the retail's sales value of the vehicle, according to SARS Tables, the latter mentioned value is used for calculation purposes.

The fixed costs will be as set out in in the attached SARS Tables released in 2020. It being noted that fixed benefit and 14 000 km per year for essential user employee.

4.2.1.2 Cost Fuel

This factor is related to the price of premium and regular fuel on the Reef and Cost. Fuel consumption factors for urban and rural journey have been applied.

4.2.1.3 Maintenance Cost

This factor includes the following, i.e. tyres spares repairs, servicing, lubrication and wash and polish over six-year car life. To obtain maintenance cost in cents/ kilometer relate the engine size to annual distance travelled.

4.2.1.4 Total Ownership Cost

This factor represents the sum total of the fixed fuel and maintenance cost of the vehicle the tariff base transport allowance calculations.

4.2.2 Principles of Compensation

4.2.2.1 A transport allowance is payable monthly and is calculated as follows:

$$A = b \times \frac{C}{12}$$

Where A = the monthly transport allowance:

B= total ownership cost per kilometer; and

C= total ownership per kilometer; and

4.2.2.2 The transport allowance for a particular calendar month will where possible, be paid to the end of the same month.

4.2.2.3 With regard to periods of unpaid leave or the period to an employee assuming duties in the particular transport allowance bearing position, such monthly transport allowance of an employee will be reduced on pro rata basis.

4.2.3 Fixed Transport Allowance Payments

This payment refers to the fixed amount which is payable monthly to the incumbents of posts of head of department, and other qualifying employees on the establishment of the Council. The basis for calculation is as follows: -

- 4.2.3.1 The specified tariff for fixed, fuel and maintenance costs in the appropriate SARS Tables for vehicle travelling 10 000 kilometers per annum, provided that the calculation is limited to the maximum of 100% of the employee's salary.
- 4.2.3.2 The fixed distance limitation pertaining to the particular post, i.e.850 kilometer
- 4.2.3.3 In respect of official journey outside the limitation specified above, only the prescribed tariff for total running cost (fuel and maintenance cost) is payable because the fixed cost of the vehicle is fully recovered by the fixed transport allowance, based on the distance limitation 850 kilometers.

4.2.4 Payments for Running and Ad-hoc transport Allowance

These allowances refers to the amounts payables monthly to incumbents of transport allowance because posts who in accordance with distance limitations and with the aid journey or log sheets, submit claim for the actual distance travelled (up to and including

the maximum prescribed distance). This basis of calculation also applies to employee who are not appointed to transport allowance bearing posts but who do from time to time utilize transport to undertake ad-hoc journey for official purposes.

The basis for calculation and payment of running and ad-hoc transport allowance is as follows: -

4.2.4.1 The tariff for fixed fuel and maintenance cost, as specified in the appropriate SARS Tables for vehicles travelling 14 000 kilometers per annum. Calculation with regard to running and ad-hoc transport allowance are however limited to vehicles of 100% of the employee's salary.

4.2.4.2 The approved distance completed for official purposes with private transport.

4.3 Adjustment and revision of transport allowance tariff – transport expenses

4.3.1 For use of a car allowance qualifying vehicle – calculation of transport allowance are adjusted automatically and amended in terms of AA Tables published from time to time. The adjustment and amendments will be affected from the first day of the month following the month of adjustment in which AA publishes such revised calculations for car ownership costs.

4.3.2 For use of a private motor vehicle not normally utilized for daily official purposes – per

kilometer – the average running cost as approved by AA from time to time plus 50%.

4.4 Suspension of transport allowance

4.4.1 Should an employee occupying a transport allowance post be transferred by the Council to a non-transport allowance bearing post, and such employee did not request such transfer, the participating local authority will give such employee six months written notice of the cancellation of the transport allowance, during period of six months the employee will receive a monthly transport allowance calculated on the following basis:-

$$\frac{C}{A = h \times 12}$$

Where A = monthly transport allowance;

H= total fixed cost per kilometer; and

C= annual kilometer distance as determined in accordance with the scheme.

4.4.2 Should Council decide to cancel an employee's transport allowance, the participating local authority will give such employee six months the employee will receive a monthly transport allowance calculated on the basis as determined in paragraph 4.4.2, provided the employee's vehicles is not utilized by the Council during this period.

4.2.3 The determination of this paragraph does any loans granted in terms of paragraph 6 for purchasing a vehicle.

4.5 Relaxation of Scheme Stipulation

It has been further decided that where local circumstances justify or require that in respect of a certain class of employees the limitation contained in this scheme may be relaxed with sanction, by resolution of the Council

5. VEHICLE ALLOWANCE

5.1 Conditions

In accordance with the provision of the Municipal Finance Management Act (MFMA), no loans will be granted to employee to purchase a motor vehicle. It is incumbent upon the vehicle allowance qualifying employee to approach financial institution for a loan to purchase a motor vehicle.

The granting of vehicle allowance is subject to the following conditions;

5.1.2 Vehicle Choices Purchase Price

With due regard to the limitation contained in this scheme, the choice of vehicle to be utilized by the employee in terms of scheme for daily use on behalf of the Council, will be vested in the employee.

The purchase of a hand vehicle is however subject to a roadworthy certificate issued by an examining officer on the general condition and value of the vehicle

5.1.3 Vehicle Allowance Limitations

The maximum loan amount which an employee may borrow from the financial institution to purchase a vehicle must exceed 100% of the particular employee's annual salary. Provided that an employee may borrow from the financial institution to purchase a vehicle an amount not

exceeding 100% of an employee's annual salary unless authorized to do so by resolution of the Council.

5.1.4 Allowance Frequency

No employee may receive new or further allowance before the former loans from the financial institution have been fully redeemed. An employee shall be entitled to one allowance every three years unless the Council specifically decided otherwise in respect of an application by an employee who cannot comply with this requirement.

5. POLICY ADOPTION

6.1 This policy has been considered and approved by the COUNCIL OF MANDENI LOCAL MUNICIPALITY as follows:

Resolution No:

Approval Date:

SG KHUZWAYO
Municipal Manager

