



*on the Go for Growth*

## **TRANSPORT ALLOWANCE POLICY**

## **I. ABBREVIATIONS / ACRONYMS**

## II. DEFINITIONS

**Day** - means a working day in service of the Municipality.

**Official Distance** - means the distance in kilometers traveled for official purposes by an employee in the Council employment, excluding distance between place of work and residence.

**Fixed Transport Allowance** - means the reimbursement intended for incumbents of a specific post on a specific post level. This allowance is seen as an additional income and a customary right or privilege applicable to the incumbents of these posts.

**Running Transport Reimbursement** - means the allowance negotiated with incumbents not receiving a fixed transport allowance to which a transport allowance is paid in accordance to the fixed average journey distance per month. The allowance is not seen as an additional income or customary right, but is regarded as an allowance to enable them to perform their duties.

**Fixed Costs** - means the tariff in cents per kilometer as determined by the salary notch of the official concerned calculated on the AA rates based on the 10 000km column in the AA rates for Estimated average fixed cost.

**Private Transport** - represents that private vehicle used by an employee for official purposes.

**Maximum Kilometer Limit** - represents the maximum kilometer limit which applies to a running – cost allowance.

**Fixed Average Running Cost Allowance** - is the running cost multiplied by the fixed average kilometer limit

**Fixed Average Kilometer Limit** - is the distance in kilometers on which a monthly transport allowance is based as determined by the Council.

**Ad Hoc Transport Allowance** - is the allowance payable to any official not receiving either a fixed, running or negotiated travelling allowance, but who are requested to use private transport in the execution of his/her duties.

**Fixed Travel Allowance** - is the running cost plus fixed cost multiplied by the fixed average kilometer limit

**Running-Cost Allowance** - is the running cost multiplied by the actual kilometers travelled in the execution of official duties, but limited to the fixed average kilometer limit.

**Travelling Allowance Bearing Position** - is a position or post to which a fixed average or a running monthly travel allowance is linked after the council has declared such a post to be subject to a travelling allowance through the approval of the Organogram where such position was identified as travelling bearing.

**Purchase Value** - of a vehicle is deemed to be equal to 100% (unless Council decides less) of the incumbent's salary which is determined on 1 July every year or when a change in salary occurs. The purchase value is used to determine the fixed cost portion

as per AA rates for the Averaged Fixed Cost, updated annually on 1 July of that year and valid for 12 months.

**AA Tables** – all transport allowance payments shall be calculated in accordance with the tables of the Automobile Association of South Africa for Estimated average car ownership cost over 6 years.

**A travel allowance** - is also called a transport allowance or locomotion allowance.

**Effective date** – the travelling allowance shall be effective upon submission of the valid registration certificate by the Official entitled to the allowance and that Official must be the owner of the vehicle on the registration certificate.

All terminology not defined under clause 2 of this policy shall bear the same meaning as in the applicable legislation.

## **1. PREAMBLE/BACKGROUND**

Waterberg District Municipality shall provide guidelines as to how travelling allowance can be used to achieve its strategic objectives. It shall strive to balance travelling allowance costs with legislative mandates

## **2. PURPOSE AND OBJECTIVES**

The purpose of this policy is to regulate travelling allowance in the municipality in line with SALGA guidelines which will eventually create a uniform transport allowance policy within Local Government Sector.

The policy shall be utilized as a framework document that provides for the minimum conditions for a travel allowance in order to cater for the varying municipal positions in this regard - a policy that is fair towards both Council and the employees and primarily focused to compensate the employees for travel expenditure

## **3. SCOPE OF APPLICATION AND LIMITATIONS / EXCLUSIONS**

All Travel Bearing Positions, except Municipal Systems Act section 56 employees. The policy does not, however, apply to Councillors or Traditional Leaders as they are remunerated according to the Remuneration of Public Office Bearers Act.

## **4. LEGAL / LEGISLATIVE FRAMEWORK**

- a. Municipal Finance Management Act, 56 of 2003
- b. Basic Conditions of Employment Act, 57 of 1997
- c. RSA Constitution Act, 108 of 1996
- d. SALGBC Salary & Wage Collective Agreement 2017-2021

## **5. POLICY CONTENT**

### **5.1. Requirements for participation**

5.1.1. Incumbents using private transport for official duties (PL 04 & lower)

5.1.2. Participation is dependent on the primary requirement that the use of private transport will be more beneficial than the provision of an official vehicle. An incumbent must furthermore comply with the following requirements for participation, namely:

- a. A minimum distance of 500 kilometers per month must be travelled for official purposes related to the job requirements of the post occupied in order to apply for a negotiable transport allowance. The employee must maintain a daily official kilometer distance return (log sheet) of all official journeys for a period of at least 6 months, approved by their Head of Department. This excludes a travelling allowance bearing posts which will only depend on the motivation by the manager, the posts that has been advertised with travelling allowance.
  - b. The use of transport solely by the incumbent must be necessary for the execution of the duties by the relevant incumbent.
  - c. Private transport must be available on a daily basis for official use.
  - d. A maximum kilometer distance of 2500 kilometers per month is allowed, where after the Council may provide official vehicles to the relevant incumbents, should the Council so decide.
  - e. The Municipal Manager may approve up to the maximum of 500 kilometers for utilization of private transport after 2500 km has been exceed and this should only be authorized under extreme circumstance, otherwise a municipal pool vehicle should be utilized after 2500 km limit has been reached (this is the only instance in which a travel-allowance bearing position may utilize municipal vehicles.
- 5.1.3. Non travel allowance bearing position using vehicles for official duties temporarily.
- 5.1.4. An employee who, in terms of the above requirements, does not qualify for a travel allowance can, on the approval of the Municipal Manager, use private transport whether for temporary or occasional trips, and be compensated thereof.
- 5.1.5. Motivation for application of travel allowance or review of current allowance

Eligible employees whose average monthly distances travelled are in excess of 600 km and who wish to apply for a negotiable travel allowance or ad hoc / interim compensatory allowance in this regard may approach the Departmental Head/ Head of Directorate who will approve the maintenance of log sheets for a period of at least 6 months. The total will be divided by six (6) to determine an average monthly official distance and rounded off to the nearest 50km.

- 5.1.6. The procedure for the coupling of an allocation to a post will be as follows:
- a. The incumbent will maintain officially approved log sheets of actual distances travelled for a period of six (6) months.
  - b. All travelling bearing post should be advertised with the travelling allowance.
  - c. Only distances travelled within the boundaries of the Council or outside the boundaries in the execution of official duties related to the post will be taken into account, distances between work and home will also be excluded.

- d. The departmental Manager will send a motivated report along with the log sheets to the Human Resource Division for investigation and recommendation, to the Chief Financial Officer for recommendation, where after the Municipal Manager will approve / disapprove the coupling of the allocation to the post.
  - e. As it is accepted that employees do not, as a result of vacations etc, always utilize their full allocation every month, the lower interval will be allocated to the post should the average of the log sheets submitted fall between two intervals.
  - f. Should the Departmental Manager after the initial approval wish to increase the kilometer allocations, the procedure above must once again be followed. This implies that the Departmental Manager will not have the discretion to increase allocations at will after the initial approval.
  - g. It will be expected of employees in posts with motivated travel allowance (<PL3) and PL3 positions with the additional negotiable transport allowance to maintain log sheets for a minimum of six (6) months annually as a control measure. Employees should send the log sheets to their Departmental / Directorate to ensure that they are still entitled to the allocation. Control sheets should be sent to the Municipal Manager who will approve / disapprove the allocation. Should the kilometers be reduced, the Human Resources Division in conjunction with the Departmental Manager will inform the employee, of the reduction of the allocation after giving the employee one month's written notice.
  - h. The Departmental Manager can at any stage terminate the compensatory/negotiable allowance or fixed travel allowance, after giving six months written notice, should he/she deem it no longer a necessity for the incumbent of the post to utilize his vehicle in the completion of his / her duties. During this period, only the fixed cost component of the allowance will be paid. The Divisional Manager: HR should then be informed accordingly.
- 5.1.7. The application must be lodged by way of motivated report by the Departmental Managers concerned to the Corporate Support & Shared Services department who will then submit the report to the Municipal Manager for consideration. Should the Municipal Manager approve a new travel allowance or kilometer limit, the date of the implementation shall be the first of the month following the date of approval.
- 5.1.8. A further capping on kilometers travelled or fixed cost or running cost is allowed, if approved by the Municipal Manager, under circumstance where the budget cannot accommodate a full allowance as per this policy.
- 5.1.9. The Fixed travel allowance for Post Level 3 positions of 850km is seen as an additional income and a customary right or privilege applicable to the incumbents of these posts. PL3 positions may apply for an additional negotiable allowance

up to 850 km, but the same requirements as for other post levels apply (refer to section 6.3).

## **5.2. Principle of monthly travel allowance Monthly travel allowance**

Incumbents who qualify for a monthly travel allowance must have daily private transport available for the execution of their official duties. A fixed transport allowance is regarded as a fringe benefit. The payment of a monthly travel allowance to the relevant incumbents is however subject to the following conditions, namely:

- that no official transport will be provided to such incumbents;
- that trips from home to work and back do not form part of the allowance;
- that all requirements of this policy must be complied with

## **5.3. Description of fixed costs and running costs components**

### **5.3.1. Fixed cost portion**

This is deemed to compensate for the fixed cost expenditures which such employee would normally incur for the acquisition, maintenance and keeping available of private transport for official purposes.

This fixed allowance is calculated in accordance with the 10 000 km column of the “estimated average fixed cost” schedule contained in the AA rates and does not detract in any way from the other principles contained in this policy where the purchase price of the vehicle is deemed to be equivalent to 100% of the incumbent’s salary, which is determined annually on 1 July remain fixed for 12 months.

Should a Council, based on the cost and economic considerations and the requirements of the travel allowance bearing post be of the opinion that 100% of the incumbent’s salary is excessive in regard to the acquisition value of a value, it may, with the exemption of the Bargaining Council, agree to a lesser purchase value.

### **5.3.2. Running cost portion**

This is composed of the fuel and maintenance tariff per km as described in the “estimated average running cost” schedule contained in the AA tariffs and calculated in respect of a vehicle with an engine capacity as determined in the definition of “running cost”.

When an agreement has been reached with an employee to have private transport available on a daily basis for the execution of official duties, a monthly running cost allowance must be paid to him/her in accordance with one of the following methods:

## 5.4. Classifications of travel allowances

### 5.4.1. A fixed average Running-cost allowance (Post level 3) (Option 1)

A fixed average distance is when a fixed average distance is required for the execution of official duties or is linked to that particular post level. This is applicable to PL3 positions are from 750km up to 850 km.

**NB: The Municipal Manager decides which of the 2 methods a specific employee's running cost allowance will be based on.**

Post level 3 employees who by nature of their duties are involved on a daily basis on both functional and managerial level as determined by Council or employees who are compelled to utilize their private vehicles in the completion of their official duties on a regular basis are eligible to receive a fixed compensatory allowance.

In order to provide a form of fringe benefit as well as to provide for actual distances travelled a fixed transport allowance will be coupled to these post level 3 positions from 750 km up to 850 km.

Eligible employees for negotiable transport allowances will be paid in terms of a maximum kilometer limit of:

|    | MAXIMUM KILOMETRES | POST LEVEL   |
|----|--------------------|--------------|
| 1. | 850                | 03           |
| 2. | 750                | 04 and lower |

The allowance payable will be calculated according to the fixed and running costs of the AA rates according to the 10 000 km column of the fixed cost component taking into account the employees' annual salary.

### 5.4.2. Temporary or occasional travel allowance (ad hoc travel allowance) (Option 3)

In cases where employees in non-travel allowance bearing positions, due to special circumstances, are requested to use private transport for official purposes on a temporary or ad-hoc basis, such employees must be compensated on the following basis:

- a. **Daily average fixed cost** – the full average vehicle cost per kilometer of the AA rates for vehicles that travel 10 000 km per year calculated on a maximum of 100% of the employee's basic salary.

- b. **Average vehicle running cost per kilometer** – the average vehicle running cost per kilometer compiled of the fuel and maintenance tariff per km as described in the “estimated average running cost: of the Department of transport tariff and calculated on the actual engine capacity to a maximum of 2500 cc.

For all officially approved trips which do not form part of such posts’ duties, the employee will be compensated, but only for the running-cost portion of such kilometers as approved by the relevant department head.

Private vehicles should only be used when official transport is not available or where it will be more cost-effective for the employee to use his/her private vehicle. However, these trips must be limited to absolute essential trips only and official transport should be used as far as possible.

### **5.5. Determination of the kilometer distances**

The municipality shall determine the average kilometer per month and communicate the decision in writing to the incumbent. Kilometer distance will be determined on 2 options:

#### **5.5.1. Fixed average kilometer limit per month as follows:**

|    | <b>MAXIMUM KILOMETRES</b> | <b>POST LEVEL</b> |
|----|---------------------------|-------------------|
| 1. | 850                       | 03                |
| 2. | 750                       | 04 and lower      |

AFTER

- 5.5.2. Submission of monthly log statement for a period of at least 6 months on which the average kilometers travelled is calculated based purely on official travel related to the duties of that position (refer to section 6.3). The kilometers travelled in that 6 months must be divided by 6 in order to calculate the official monthly kilometer distance in relation to the relevant post. Daily log statements must be kept and all trips should be authorized by the department head.

### **5.6. Calculation of travel allowances**

#### **5.6.1. Monthly travel allowance**

After the travel allowance has been approved and the purchase price has been determined in line with the definition above, the following principles in regard to the calculation of the travel allowance will apply:

- i. A fixed transport allowance or a running transport allowance must be payable on a monthly basis, calculated according to the following formula:

**(F+R) x Km**

Where:

**F** = Fixed cost component read off 10 000 km column of AA rates (according to annual salary).

**R** = Running cost according to the AA rates for a vehicle with a maximum engine capacity of up to 2.5 liters.

**KM** = Fixed kilometer allocation according to allocation to post levels concerned or as per determination of the running transport allowance in section 7 above.

Amendments to the AA rates and / or of the employee's salary are automatically implemented as from the first day of the month to which such amendment applies.

### **5.6.2. Ad-hoc travel allowance**

An ad hoc transport allowance must be payable on an ad hoc basis, calculated according to the following formula:

$$\mathbf{A = B \times C}$$

Where:

**A** = the ad hoc transport allowance

**B** = the total daily car ownership costs (fixed cost plus running cost) on the AA rates.

The tariff is reflected in cents per kilometer and consists of the following:

- a. Fixed cost, determined by the actual purchase price of the vehicle or the annual salary of the employee concerned, whichever is lesser, calculated against the 10 000 column, and
- b. Running cost comprising of a fuel and maintenance tariff as described in the AA rates and calculated at the actual engine capacity of the vehicle with a maximum of 2000 cc)

**C** = the actual distance traveled in the execution of official duties.

### **5.6.3. Excess distance travelled for allowance bearing positions**

Employees receiving travel allowance with exception of senior managers and Councillors will be entitled travel reimbursement not in excess of 600 km over and above the allowable travel kilometers. The onus rests solely on the employee concerned to proof the actual distance travelled and the reasons for the journeys in execution of official duties to be attached. The travel claim form (attached to the Subsistence & Travel Policy) should be completed and submitted within 60 days to Salary Officer after approval by the relevant Department Head or Municipal Manager. Calculation for the reimbursable kilometers shall be done according to the following formula.

$$\mathbf{D = E \times F}$$

Where:

**D** = the allowance to be determined for the excess kilometers travelled (travel claim)

**E** = Running cost of the vehicle according to engine capacity on the AA rates capped at 2500cc for a PL3 and 2000cc for PL4 and below.

**F** = Officials, other than Councillors and S56 managers, are reimbursed on the AA rates. The AA rates are adjusted accordingly as and when new tables are issued.

#### **5.6.4. Councillors and S56 managers**

Councillors and S56 managers are reimbursed in accordance with the tariffs prescribed by the Department of Transport for use of privately owned vehicles for actual kilometers travelled in respect of the performance of official functions on behalf of the municipality and other official duties. Councillors have no capping, but S56 managers are capped at SARS rate per kilometer, currently R 2.92, but will be adjusted according to any SARS changes to this limit. The Department of Transport rates are adjusted accordingly as and when new tables are issued.

Any allowance of transport costs payable to Councillors will be subject to the regulations pertaining to the remuneration of public office bearers as promulgated by the Provincial Department of Local Government in terms of the Public Office Bearers Act, 20 of 1998 from time to time, and will be paid according to the tariffs prescribed by the Department of Transport for use of privately owned vehicles.

#### **5.6.5. Application of transport allowance on acting positions**

- 5.6.5.1. A participant of a transport allowance bearing position, who temporarily acts in a permanent transport allowance bearing position on a higher salary level, will receive the transport allowance applicable to the position in which he/she acts.
- 5.6.5.2. An employee of a non-transport allowance bearing position who temporarily acts in a permanent transport allowance bearing position , and if he/she provides a privately owned vehicle for the acting period, be remunerated on the actual transport allowance calculated on a pro rata basis for the position in which he/she acts.

#### **5.6.6. Administration of travel allowances**

Any claim will be administered according to the adopted Subsistence and Travel Allowance Policy. The claims will be remunerated according to officially approved log sheets at running costs only as by the current Official Department of Transport Tables upon submission of such officially approved log sheets.

#### **5.6.7. Suspension of a transport allowance**

- a. The Municipality may terminate or vary any transport allowance on the recommendation of the overall head of department concerned and Human Resources with the concurrent approval of the Municipal Manager after consultation with the affected employee.
- b. The Departmental Manager, through consultation with HR ,with the Municipal Manager's consent, shall approve of any employees' in receipt of permanent transport allowances, which are required to be transferred by the municipality to other posts where no transport allowances are attached to discontinue the transport allowance from the date of the transfer. Should the municipality decide to withdraw an employee's travel allowance for reasons of than change of position, e.g. those duties or the current position change to the extent that their posts no longer justify transport allowances being attached to them or the kilometers travelled do not justify a permanent travel allowance but rather utilization of a municipal vehicle or ad hoc allowance, the municipality must, after consultation with such employee, give 6 months written notice of the withdrawal of the travel allowance.
- c. Affected employees may not negotiate or reschedule the transport agreements in any way to have the effect of extending the agreements and / or commitments / obligations in terms thereof to cause allowances to continue to be paid for longer than they otherwise would have been.
- d. If such agreements should terminate at an earlier time due to whatever reason the employees concerned must inform their management immediately and the transport allowance must be discontinued forthwith.
- e. Employees without transport allowances and those in receipt of transport allowances in their current positions and who apply for and are appointed to new or promotional positions to which transport allowances are attached shall receive the new position's approved allowance when they take up the duties in the promotional post; and employees who are in receipt of existing transport allowances which they enjoyed from their previous positions and who appointed to promotional positions that do not have transport allowances attached to them shall have their existing transport allowances discontinued from the time that they take up the duties of the new promotional position.

#### **5.6.8. General Requirements**

- a. Employees in receipt of permanent transport allowances shall at all times provide motor vehicles of suitable types and conditions as predefined and approved by

the overall heads of department concerned for the proper discharge of their duties.

- b. Employees are to provide proof of availability of suitable vehicles on the request of management and /or Human Resources. **Alternatively**, the affected employees' transport allowances must be stopped until such vehicle is available / provided.
- c. Eligible employee must always ensure that the vehicle is always available and in good condition to execute official duties at all times. Employees must inform their employer (the municipality) immediately if they do not have a vehicle available.
- d. Employees who receive a travel allowance may not use official transport in the execution of their duties unless otherwise authorized in unforeseen circumstances.
- e. The distance travelled with the official vehicle will not be considered as part of the employee's business-related travel when accounting for his/her travel allowance.
- f. In the event that it can be shown that the employee has received the transport allowance without having the requisite vehicle available the overpayment of the allowance for the identified non qualifying period must be recovered from the employee's salary.
- g. Further, they may face disciplinary action and/ or incapacity proceedings relating to their non-compliance with this provision and inability to perform their duties due to them not having the requisite vehicle and where they continue to receive the allowance without complying with the above qualifying requirements they must be charged with fraud.
- h. The municipality must include 80% of the travelling allowance in the employee's remuneration for the purposes of calculating PAYE. This will be adjusted to new SARS guidelines as and when they are issued.

## **6. ROLES AND RESPONSIBILITIES**

The Municipal Manager or his / her delegates assigned accepts overall responsibility for the implementation and monitoring of the policy.

## **7. DEFAULT / PENALTIES**

Non-compliance of any of the stipulations contained in the Policy will be viewed as misconduct and will be dealt with in terms of the Disciplinary Procedure Collective Agreement or as prescribed by the municipality's Disciplinary Code. Favoritism is totally discouraged and should it be practiced will be dealt with in terms of the grievance procedure.

## **8. DISPUTE RESOLUTION**

Internal dispute resolution processes (e.g. collective agreement/ policy) shall be followed in the event of any grievances and disputes arising out of the implementation of this policy.

## **9. APPROVAL AND IMPLEMENTATION**

This policy will be approved by Municipal Council and takes effect upon the date signed by the Municipal Manager or his/her delegate or unless otherwise stated.

## **10. COMMUNICATION**

This policy will be communicated/distributed to all Municipal employees using the full range of communication methods available to the municipality e.g. workshops, e-mails, pays lips, notice boards etc.

## **11. REVIEW OF THE POLICY**

This policy will be reviewed annually and revised as necessary or when there is a change in legislation, collective agreement circumstances, organizational strategy etc.

## **12. POLICY CONTRACDITION**

If there is a conflict of policies in relation to travel allowance, the travel allowance policy takes precedence.

## **13. AUTHORITY / SIGNATURES**

The Municipal Manager or his/her delegate must append a signature after satisfying him/herself with the contents of the policy.

Council Resolution Number-----

Approval by MM / his or her delegate

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Initials and Surname

Signature

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Municipal Manager

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Date