



DRAFT TRAVEL ALLOWANCE POLICY

Bitou Municipality

2022/23

This policy was reviewed by Council in 2020. No changes are proposed to Council

BITOU LOCAL MUNICIPALITY

1. OBJECTIVES OF THE SCHEME	2
2. PRINCIPLES OF A TRAVELLING ALLOWANCE SCHEME.....	2
3. REQUIREMENTS FOR PARTICIPATION.....	3
4. TRAVEL ALLOWANCE FOR MANAGERS	3
5. ESSENTIAL-USER TRAVEL ALLOWANCE SCHEME	4
6. AD-HOC TRAVELLING NON-PARTICIPANTS IN TRAVELLING SCHEME INSIDE AREA OF JURISDICTION	10
7. COMPENSATION.....	10
8. REIMBURSEMENT FOR KILOMETERS OUTSIDE AREA OF JURISDICTION	11
9. APPROVALS.....	11
10. HOW TO TREAT EMPLOYEES ON CURRENT SCHEMES	12
11. ALLOWANCES PAYABLE TO EMPLOYEES RECEIVING ANNUAL ALL INCLUSIVE SELF STRUCTURED REMUNERATION PACKAGES	13
12. TERMINATION.....	13
13. REVIEW.....	14

1. OBJECTIVES OF THE SCHEME

The scheme must provide for participation by employees of the municipality who, with the consent of the Council make use of private transport in the execution of official duties. The policy also provides for the payment of a travelling allowance as part of benefits payable to employees in terms of the position occupied and conditions of appointment. Participation is thus determined by the usage of private transport for official purposes, irrespective of whether the utilisation of such transport is temporary, occasional or continuous, as well as conditions of appointment, taking cognisance of the cost benefits and financial considerations.

2. PRINCIPLES OF A TRAVELLING ALLOWANCE SCHEME

- 2.1 Must be reasonable towards both the municipality and the employee.
- 2.2 Must primarily be aimed at compensating for actual transport cost incurred in the execution of duties.
- 2.3 Must provide a meaningful basis of compensation
- 2.4 Must prescribe benefits and conditions for employees who have to use private transport for the in the execution of official duties
- 2.5 Must be updated regularly to prevent over or under compensation.
- 2.6 Must take into consideration the geographical area of the municipality when limits or conditions are determined
- 2.7 Must provide for adequate compensation for employees travelling on an ad-hoc basis.
- 2.8 Must use up to date market related values for calculation of compensation amounts
- 2.9 Must provide for fixed as well as running cost components.
- 2.10 Must provide for minimum and maximum kilometres travelled.
- 2.11 Must provide for adequate control by supervisors.
- 2.12 Must provide for the suspension of benefits under certain conditions.

3. REQUIREMENTS FOR PARTICIPATION

- 3.1 Sole use of own transport by the incumbent must be a prerequisite in the execution of official duties.
- 3.2 Appropriate private transport, in accordance with the job requirements and duties of the position must be available for daily official use. The preferred vehicle to be used by the incumbent for the purpose of official travel must be registered on the scheme and a valid vehicle registration certificate which must be in the names of the incumbent must be presented prior to the payment of any allowance in terms of the scheme
- 3.3 Log sheets substantiating travelling may be required to be submitted to a relevant Departmental Director from time to time. Any official can be required by the respective Departmental Director to make use of an electronic trip logging system as supplied by the municipality to substantiate actual kilometres travelled and/or claimed.
- 3.4 Appointment on, promotion to, or grading as a level in the organization regarded as being management and to which a travelling allowance therefore accrues as part of the conditions of service.

4. TRAVEL ALLOWANCE FOR MANAGERS

Amended heading

- 4.1. Basis of calculation of monthly allowance:
- 4.1.1. The appropriate A.A. Rates Table should be used in determining the monthly travelling allowance.
- 4.1.2. The fixed cost component to be determined as follows: The basic salary of an incumbent, annual notch amount plus 13th cheque as a total value are to be used as an equivalent of the purchase price of the vehicle, the fixed cost per kilometre as reflected in the 10,000km column of the table equal to the fixed cost determined should then be multiplied by the kilometre allowance applicable to the incumbent to determine the monthly fixed cost amount. **(D)**
- 4.1.3. The Vehicle running cost to be determined as follows:
- 4.1.3.1. Calculate the fuel cost per kilometre relevant to the vehicle of the incumbent registered on the scheme to a maximum engine capacity of a 2150cc vehicles in accordance with column "A" of the running cost tables of the AA rates Table, by taking the fuel factor and multiplying it with the fuel price as updated bi-annually (1 April and 1 October) as follows: (Fuel factor) x (Fuel Price) = fuel cost per kilometre **(A)**
- 4.1.3.2. Add the service and repair cost in cent per kilometre as reflected in column "B" of the running cost table of the AA rates tables **(B)**

- 4.1.3.3. Add the tyre cost in cent per kilometre as reflected in column "C" of the running cost table of the AA rates tables **(C)**
- 4.1.3.4. Add together the result of **(A) + (B) + (C)** to determine the total vehicle running cost per kilometre.
- 4.1.3.5. Now add together the fixed cost per month **(D)** as determined in 4.1.2 above and **(A) + (B) + (C)** to determine the total cost per kilometre that the incumbent is entitled to. This amount is then to be multiplied by the kilometre allowance allocated to the position to determine the monthly travelling allowance.

4.2. The geographical area of the municipality as well as the level of seniority of the position must be taken into consideration in determining the kilometre limits and the following is proposed:

4.2.1 Positions qualifying will receive allowances based on the following kilometres

4.2.1.1 Post level T15 to T20 including all management staff and fixed terms contract employees where the T-level is determined by Council - 900Km

4.2.1.2 Employees in T14 level, all management staff and fixed terms contract employees where the T-level is determined by Council - 800 Km.

4.2.2 If the fixed kilometre allowance above is exceeded, running cost equal to that of the vehicle registered on the scheme will be paid for all kilometres in excess of the kilometre quota that is substantiated either by log sheets or electronic log sheets generated from the electronic trip logger system submitted.

4.2.3 The monthly fixed allowance as determined in terms of the post level applies to all official travel inside the area of jurisdiction of the Bitou.

4.2.4 No additional compensation will be paid to incumbents for official travel if travelling is less than the kilometre quota determined for the position.

5. ESSENTIAL-USER TRAVEL ALLOWANCE SCHEME

Section 5 is new

5.1. Aim of Scheme

5.1.1. Employee may qualify for participation in the Essential-User Scheme where the duties of such employee necessitate the daily use of a vehicle, and Bitou Municipality not providing an official vehicle for such duties and where the employee per agreement provides a vehicle for the execution of the duties attached to the position of the employee.

5.1.2. The Essential-User Scheme is not linked to or reserved for any post designation or post level.

5.1.3. The Essential-User Scheme does not have the intention of providing a fringe or service benefit to any employee, but rather aims to compensate employees for costs incurred in utilizing private vehicles for the execution of duties attached to the position of the employees.

5.2. Criteria for Participation

5.2.1. Employees shall be considered for participation in the Essential-User Scheme with reference to the referred employee's employment contract,

5.2.2. Employees shall be considered for participation in the Essential-User Scheme, where the Bitou Municipality does not provide an official vehicle for use by the employee in the execution of duties attached to the position the employee holds,

5.2.3. The position the employee holds must require the regular use of a vehicle equal to not less than 700 kilometers per month, averaged over a six (6) months period,

5.2.4. Where an Employee travels less than 700 kilometers per month in the execution of the duties attached to the position the employee holds, the employee shall be compensated for costs incurred in traveling as per the provisions of the Subsistence and Travelling Policy of Bitou Municipality,

5.2.5. Appropriate private transport, in accordance with the job requirements and duties of the position must be available for daily official use. The preferred vehicle to be used by the incumbent for the purpose of official travel must be certified roadworthy with a valid license disk. The vehicle must be registered on the scheme and a valid vehicle registration certificate, which must be in the names of the incumbent, and presented prior to the payment of any allowance in terms of the scheme.

5.2.6. The department under which the employee is employed must ensure that sufficient funds have been provided in the budget to cover the cost of the Essential-User Scheme Allowance payable to the employee,

5.2.6.1. Where insufficient funds have been provided in the budget, the employee shall be reimbursed for costs incurred in traveling as per the provisions of the Subsistence and Travelling Policy of Bitou Municipality until such time as budgetary provisions allows the employee participation in the Scheme,

5.2.7. Continued participation in the Scheme shall require the constant and continued completion of vehicle log sheet by the employee, with the necessary trip authorizations completed by the immediate supervisor of the employee and verified by the Head of the relevant Department,

5.2.7.1. Continued participation in the scheme shall require the monthly submission of vehicle log books at a date to be determined and specified by Bitou Municipality,

5.2.8. In considering applications for participation, the Head of the Department shall submit the following to the Municipal Manager for consideration:

5.2.8.1. The authorized vehicle log sheets for a period not less than six (6) months in respect of the employee in respect of which application is made for participation

5.2.9. A motivation for participation by the employee detailing the following aspects:

5.2.9.1. How is the department currently dealing with the transport needs?

5.2.9.2. Is there an existing municipal vehicle in use or an alternative vehicle?

5.2.9.3. Is participation in the Essential-User Scheme the most economic option?

5.2.9.4. What are the job requirements of the incumbent and does it require a specific type of vehicle for official use?

5.2.9.5. Does the duty of the employee require the frequent transportation of heavy goods and machinery?

5.2.9.6. Is the current vehicle of the employee suitable for official use?

5.3. Which Employees Qualify for The Scheme?

5.3.1. Where an employee on a regular basis must make use of transport to perform his/her official duties, the municipality may at its sole discretion approve an essential-user transport allowance to such employee for the use of his/her private vehicle,

5.3.2. The municipality also reserves the right to immediately withdraw an employee from the scheme, should any of the criteria under which the employee was allowed to participate in the scheme, not be met,

5.3.3. Participation in the scheme shall be restricted to an employee who:

5.3.3.1. Is permanently employed by the Bitou Municipality,

5.3.3.2. Need the continuous daily use of motor transport in order to perform his/her official duties efficiently,

5.3.3.3. Operate under circumstances where his/her regular use of an official municipal pool vehicle becomes impractical or uneconomical,

5.3.3.4. Is not required to drive either a 'functional' vehicle with special fittings or with a municipal logo/markings as part of their normal official duties,

5.3.3.5. Travel a minimum of 650 km per month and a maximum of 1665 km per month on official duties,

5.3.3.6. Has a suitable vehicle available, registered in the name of the employee.

5.4. Calculation of Allowance

The allowance payable will consist of two elements:

5.4.1. Capital (Fixed) Costs:

5.4.1.1. Fixed costs based on the maximum vehicle capacity of a 2,2 litre engine at R 2,65 per kilometer based on maximum of 1665 kilometers travelled per month,

5.4.1.2. In cases of any absence from duty, the allowance will not be paid except under the following circumstances:

- a) When the employee is absent on annual leave. The employee shall be paid an amount calculated on the maximum of 1665 km norm,
- b) When the employee is delegated on Municipality business,
- c) When the employee is absent during the paid a portion of maternity leave. The employee shall be paid an amount calculated on the maximum of 1665 km norm,
- d) When an employee is suspended on full pay, the employee shall be paid an amount calculated on the maximum of 1665 km norm.

5.5. Running Costs:

5.5.1. Running costs is based on the monthly rates of R1,39 based on a maximum of a 2,2 litre engine capacity vehicle,

5.5.2. All participants will be subjected to the same calculation criteria irrespective of post or level and travel claims outside the jurisdiction of Bitou Municipality shall be calculated on running costs only,

5.5.3. Running costs shall only be paid up to the maximum of 1665-kilometre limit and all claims for trips in excess of the 1665-kilometre limit must be substantiated through monthly authorized vehicle log sheets to be submitted at a date to be determined at the discretion of the employer to qualify for payment of additional kilometres travelled.

5.6. Adjustment to Allowance

5.6.1. The segment comprising the subsidy will be reviewed annually by the Chief Financial Officer on recommendation of the Human Resource Management Division, and such an adjustment shall only occur on the 1st day of July each year if so required,

5.6.2. This review will however not amend or change the fixed cost allowance of users in any current cycle of 48 months.

5.7. Home to Office Trips

The Essential-User Scheme allowance is only payable with regard to official kilometres travelled for the execution of official duties and shall not be paid for trips between the place of residence of the employee and place of work.

5.8. Availability of Vehicle

5.8.1. Participation in the scheme contractually binds the participating employee to provide his/her own transport on a full-time basis in order to fulfil his/her duties as an official of the municipality in accordance with the requirements of his/her post,

5.8.2. If a vehicle, in respect of which a transport allowance is paid, breaks down resulting to it being unavailable for use, it shall be the employee's responsibility to provide a suitable replacement vehicle. If necessary, the employee will have to make available a temporary suitable vehicle for use at his/her own cost,

5.8.3. The employee shall at all times be responsible to inform the employer of any replacement vehicle provided and shall submit the following details relative to the replacement vehicle, type of vehicle, make, model and engine capacity,

5.8.4. The employer may adjust the allowance payable where the employee on a prolonged basis makes use of a vehicle with an engine size smaller than what the allowance has been calculated on.

5.9. Further Conditions

5.9.1. Each Head of Department shall indicate the post that qualifies for participation in the scheme. The number of kilometers that are requested shall be verified and a final decision shall be made by the authorized authority,

5.9.2. A vehicle purchase/used in terms of the scheme shall be required by the employee's Head of Department, to be suited to the nature of the employee's post, e.g. if the job content requires the use of an LDV, the employee cannot purchase a sedan,

5.9.3. Monitoring of vehicle usage will be conducted on monthly intervals. Heads of Departments are therefore, required to ensure that records reflecting official trips and distance travelled of vehicle participating in the scheme are always in use and kept up to date,

5.9.4. Employees participating in the scheme shall be required to meet the maintenance repair costs of their vehicles and keep the vehicles in a roadworthy condition at all times,

- 5.9.5. No employee in any post shall be entitled to claim participation in the scheme as a right,
- 5.9.6. Where an employee chooses not to participate in the scheme, it shall be municipality's responsibility to provide the employee with official municipality transport for the performance of his/her duties, provided that an agreement to participate in the scheme shall contractually bind the employee to provide a vehicle for official purposes for at least six (6) months. The employee is thus under obligation to give six (6) months' notice to Bitou Municipality if the employee has the intention to withdraw from participating in the scheme,
- 5.9.7. If any employee participating in the scheme is promoted or appointed to a post which does not qualify for such benefits, a new contractual relationship is created, and the employee concerned will not be able to claim continuation of benefits,
- 5.9.8. Private vehicles including vehicles of subsidized employees shall not be permitted in the Municipal workshop, and no work shall be done on such vehicles,
- 5.9.9. Employees who participate in the scheme must comply with the following:
- 5.9.9.1. A daily log be completed on the prescribed form,
 - 5.9.9.2. Claim must be submitted monthly on the first working day after the 7th day of the month, on the prescribed form after certification by the Supervisor,
- 5.10. Employees who do not qualify for Essential-User participation but are required to use their vehicles for official municipality purpose will be paid an ad-hoc allowance as determined by the Municipal Manager or his/her delegated official.
- 5.11. Termination
- 5.11.1. Bitou Municipality shall have the right to terminate participation in the Essential User Scheme in writing upon giving three (3) months' notice to the employee,
 - 5.11.2. The employee shall be entitled to terminate participation in the scheme upon giving three (3) months written notice to Bitou Municipality,
 - 5.11.3. Participation in the scheme shall automatically terminate on termination of service of the employee for whatever reason,
 - 5.11.4. Non-compliance with the provisions of this policy is subject to disciplinary procedures, and may result in the immediate termination of participation of any employee irrespective of other notice periods that may be reflected in this policy.

6. AD-HOC TRAVELLING NON-PARTICIPANTS IN TRAVELLING SCHEME INSIDE AREA OF JURISDICTION

- 6.1. An employee who does not qualify for participation in terms of the requirements of the scheme will be compensated for Ad-Hoc kilometres travelled through a reimbursement of the actual kilometres return trip, measured from the place of residence (accept if the employee is at work, when he/she is expected to travel for official purposes, in which case, the place of work will be used to calculate actual distance travelled) to the destination on the shortest possible route (return trip)
- 6.2 Reimbursement for travelling will be calculated at the rates approved by the Department of Transport for private transport used for official purposes.
- 6.3 Employees requesting re-imburement for ad-hoc travelling must provide the municipality with proof of the vehicle particulars to enable the processing of the claim.
- 6.4 All ad-hoc travelling must be approved by the respective Departmental Directors in advance.

7. COMPENSATION

- 7.1 The travelling allowances applicable to incumbents will be paid monthly in arrears.
- 7.2 Kilometres in excess of the maximum kilometre limit will be paid with the monthly travelling allowance in arrears.
- 7.3 Ad hoc travelling claims will be paid to employees upon submission of an approved claim on a weekly basis with the provision that not more than two (2) claims per employee will be paid per month.
- 7.4 Ad hoc travelling claims for trips outside the area of jurisdiction may be considered to be paid on an advance basis with the provision that no advance be paid to employees more than five (5) days prior to the scheduled trip.

8. REIMBURSEMENT FOR KILOMETERS OUTSIDE AREA OF JURISDICTION

- 8.1 Staff taking part in the travelling allowance scheme – A reimbursement of the actual kilometres travelled return trip, measured from the place of work to the destination calculated at the rates approved by the Department of Transport for private transport used for official purposes. For the purpose of calculation the reimbursement the interval for a 1951-2150cc petrol sedan vehicle, category “A” on the rates table of the Department of Transport must be used.
- 8.2 Staff not taking part in a travelling allowance scheme and essential-user scheme participants - A reimbursement of the actual kilometres travelled return trip, measured from the place of residence to the destination calculated at the rates approved by the Department of Transport for private transport used for official purposes. For the purpose of calculating the reimbursement, the vehicle particulars used for the trip will be used subject thereto that the engine capacity will be capped at 2150cc
- 8.3 Councillors: A reimbursement of the actual kilometres travelled return trip, measured from the place of residence to the destination calculated at the rates approved by the Department of Transport for private transport used for official purposes as determined in terms of the Remuneration of Public Office Bearers Act.
- 8.4 Where the trip necessitates that travelling be done directly from the place of residence and back, the actual kilometres travelled will be calculated on a return trip basis from the place of residence instead of the place of work.

9. APPROVALS

- 9.1 Participation: The Municipal Manager is mandated to approve participation in the scheme upon receipt of sufficient evidence that an incumbent qualifies in terms of the rules of the scheme.
- 9.2 Exceeding of monthly kilometres: The approval by the respective Departmental Director, upon the submission of log sheets by the incumbent substantiating the kilometres travelled.
- 9.3 Ad-hoc kilometres: The approval by the relevant Departmental Director, upon submission of a valid claim (including prior approval) by the respective officials.
- 9.4 All approvals in terms of the Travelling Allowance scheme, whether for participation in the scheme or for ad-hoc kilometres travelled must be confirmed in writing.

10. HOW TO TREAT EMPLOYEES ON CURRENT SCHEMES

- 10.1 In order to ensure parity in the application of travelling allowance schemes it would be preferable to migrate all employees to the new scheme, employees have however been appointed under certain conditions of employment and the application of current policies have been applied in accordance with certain practices that will place a huge financial strain on recipients of the travelling allowances if all staff are migrated from the onset. Migration of employees will therefore be handled as follows:
- 10.1.1 Employees may exercise a once-off option to voluntarily migrate from the PERK-Scheme Travel Allowance to the current Council's approved Travelling Allowance Policy.
 - 10.1.2 Employees may choose to remain on the current PERK-Scheme where-after their allowances will be fixed at the current amounts, with no possibility of an increase until they replace their vehicle where-after they will be transferred to the new scheme.
 - 10.1.3 All new staff members qualifying to participate in the travelling allowance scheme from date of adoption of the policy will be placed on the new travelling allowance scheme.
 - 10.1.4 Employees participating in the essential car user scheme will remain on that scheme with the exception that reimbursement for travelling outside the area of jurisdiction will be done in accordance with the provisions set out in point 6.2 of the policy.
- 10.2 Toll fees: Such fees will be reimbursed upon submission of Tollgate receipts by the incumbent. E-toll fees where applicable will be reimbursed on submission of a valid e-toll invoice made out to the official receiving the travelling allowance for the vehicle registered on the scheme.
- 10.3 Determination of kilometre distances: Council will determine the standard distances between the municipal offices at its nodal point and all other offices, municipalities, or venues that are visited on a regular basis by its employees. The standard kilometres must be used upon submission of log sheets to substantiate kilometres travelled.
- 10.4 If no standard distance measurements are available the shortest distance to the destination travelled to, must be used as actual kilometres travelled.
- 10.5 No official transport shall be provided to an incumbent receiving a travelling allowance.
- 10.6 Any official receiving a travelling allowance must at all times ensure that a fully functional and operational vehicle that suits the requirement of the job to be performed is available for the execution of his/her duties.

- 10.7 If the maximum kilometre limit for a specific incumbent or position is exceeded the actual kilometres travelled must be substantiated by log sheets, whereafter the excess kilometres travelled will be reimbursed on a running cost basis only, no additional fixed portion will be payable.
- 10.8 Should there be an abnormal fluctuation (> than10%) in the fuel price (per price confirmation from local filling stations) measured over the review period, the CFO is authorised to recalculate the fuel component of the variable portion of the allowance payable to employees and update the allowances to employees accordingly. A fuel price adjustment will also be done concurrent with the implementation date of the annual budget being 1 July of each year.
- 10.9 Review of the amounts payable should be done Bi-Annually and the Municipal Manager or his delegated authority is authorised to do so in terms of the rules and provisions of this policy.

11. ALLOWANCES PAYABLE TO EMPLOYEES RECEIVING ANNUAL ALL INCLUSIVE SELF STRUCTURED REMUNERATION PACKAGES

11.1 Employees paid an annual all-inclusive cost to company package that is not linked to a T-level may elect to receive a portion of their annual remuneration as a travelling allowance, this portion is not linked to the AA tables upon which the calculation of travelling allowances of full time employees are based, and will therefore not be adjusted in accordance with the changes of the AA rates from time to time.

11.2 The running cost reimbursement and other matters not covered by this policy will be contractually agreed upon with the respective incumbent.

12. TERMINATION

12.1 Should the job requirements of an incumbent receiving a travelling allowance change through any process of re-deployment, re-structuring or amendment of the operational requirements of the municipality in any way whatsoever thereby causing that it is no longer necessary to regularly travel for official purposes, the travelling allowance payable to the incumbent will cease to be paid within six (6) months of such re-deployment, re-structuring or amendment of the operational requirements of the municipality.

12.2 Should an incumbent, after the conclusion of a disciplinary process be demoted in rank resulting in the recipient of a travelling allowance to fall outside the applicable T-levels thereby disqualifying the incumbent from taking part in the travelling allowance scheme, the payment of the allowance will cease within three months from the date of such final ruling of demotion by the disciplinary committee or appeal authority.

12.3 Should any employee be found guilty of defrauding or attempting to defraud the municipality in any way with regards to the requirements for participation in the scheme or in respect of any claim submitted for travelling done, the Municipal Manager may immediately terminate the payment of any travelling allowance to such employee.

12.4 Should any allegations of an occurrence of fraudulent behaviour be received and be investigated, the Municipal Manager may suspend the payment of a travelling allowance to such employee until the outcome of the investigation.

13. REVIEW

13.1. This policy will be reviewed annually to be in line with municipal practices and legislation.