

DRAFT TRAVELLING
ALLOWANCE SCHEME
REPLACING THE PERK CAR
ALLOWANCE SCHEME

BITOU LOCAL MUNICIPALITY

DRAFT TRAVELLING ALLOWANCE SCHEME REPLACING THE PERK CAR ALLOWANCE SCHEME

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 A minimum of 650 kilometres per month must be travelled for official purposes by an incumbent for a period of at least 3 (Three) consecutive months.
- 3.2 Sole use of transport by the incumbent must be a prerequisite in the execution of official duties.
- 3.3 Private transport 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 must be presented prior to the payment of any allowance in terms of the scheme.
- 3.4 Log sheets substantiating travelling must be submitted to the relevant head of department for at least 3 months from the date of approval of participation in the scheme. Any official can be required by the respective HOD to make use of an electronic trip logging system as supplied by the municipality to substantiate actual kilometres travelled and/or claimed.

4. RULES AND PRINCIPLES APPLIED

4.1. Basis of calculation of monthly allowance:

- 4.1.1. The appropriate updated A.A. Rates table should be used in determining the monthly travelling allowance and must be revised Bi-annually 1 April and 1 October.
- 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 2200cc petrol sedan 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 July and 1 January) 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)**

Add together the result of **(A) + (B) + (C)** to determine the total vehicle running cost per kilometre.

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 determined to be travelling allowance bearing will receive allowances based on the following kilometres

4.2.1.1 Post level T14 to T20 including all management staff and fixed terms contract employees where the T-level is determined by council - 850Km

4.2.1.2 T12 to T13 - 750 Km.

4.2.1.3 T 9 to T 11 and all other employees qualifying for travelling allowances to execute their functions - 650 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. AD-HOC TRAVELLING NON-PARTICIPANTS IN TRAVELLING SCHEME INSIDE AREA OF JURISDICTION

5.1. 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)

- 5.2. Reimbursement for travelling will be calculated at the rates approved by the Department of Transport for private transport used for official purposes.
- 5.3. Employees requesting re-imbursement for ad-hoc travelling must provide the municipality with proof of the vehicle particulars to enable the processing of the claim.
- 5.4. All ad-hoc travelling must be approved by the respective Heads of Department in advance.

6. COMPENSATION

- 6.1 The travelling allowances applicable to incumbents will be paid monthly in arrears.
- 6.2 Kilometres in excess of the maximum kilometre limit will be paid with the monthly travelling allowance in arrears.
- 6.3 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 2 (Two) claims per employee will be paid per month.
- 6.4 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 5 days prior to the scheduled trip.

7. REIMBURSEMENT FOR KILOMETERS OUTSIDE AREA OF JURISDICTION

- 7.1 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.

- 7.2 Staff not taking part in a travelling allowance scheme and essential car 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
- 7.3 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.
- 7.4 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 in stead of the place of work.

8. APPROVALS

- 8.1 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.
- 8.2 Exceeding of monthly kilometres – The respective Heads of Department to approve, upon submission of log sheets by the incumbent to substantiate the kilometres travelled.

- 8.3 Ad-hoc kilometres – Approval by the relevant Head of Department upon submission of a valid claim (including prior approval) by the respective officials.
- 8.4 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.

9. HOW TO TREAT EMPLOYEES ON CURRENT SCHEMES

- 9.1 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 with 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. Employees will therefore be handled as follows:
- 9.1.1 Employees may exercise a once-off option to voluntarily migrate to the new travelling allowance scheme.
- 9.1.2 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.
- 9.1.3 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.
- 9.1.4 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 7.2 of the policy.

10. GENERAL CONDITIONS

- 10.1 Toll fees – Toll 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.
- 10.2 Determination of kilometre distances – The 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.
- 10.3 If no standard distance measurements are available the shortest distance to the destination travelled to must be used as actual kilometres travelled.
- 10.4 No official transport shall be provided to an incumbent receiving a travelling allowance.
- 10.5 An official receiving a travelling allowance must at all times ensure that a fully functional and operational vehicle is available for the execution of his/her duties.
- 10.6 Officials receiving travelling allowances must at all times ensure that the vehicle registered on the scheme is adequately insured against theft and accident and proof should be submitted to the municipality on an annual basis.
- 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, where-after 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 (> than 10%) in the petrol price measured over a 3 month 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.

- 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 6 months of such re-deployment, re-structuring or amendment of the operational requirements of the Municipality.
- 12.2 Should the records of travelling in respect of an employee at any stage reflect that actual kilometres travelled are less than the minimum required to take part in the scheme, the relevant Head of Department may require an incumbent to submit detailed log sheets of all travelling for a period of 3 months to affirm the necessity of the position to take part in the scheme.
- 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.

14 May 2014

Purchase Price (Incl. VAT)	Fixed Costs Table Averaged Fixed Cost (c/km) - All costs inclusive of VAT	Annual Distance Travelled	Running Costs Table - Petrol Vehicles Averaged Running Cost (c/km) - All costs inclusive of VAT
up to R30 000	<10 000	10 001 to 15 000	Engine Capacity (cc)
R30 001 - R50 000	93	15 001 to 20 000	< 1 300
R50 001 - R75 000	157	20 001 to 25 000	1 301 - 1 500
R75 001 - R100 000	237	25 001 to 30 000	1 501 - 1 800
R100 001 - R125 000	318	30 001 to 35 000	1 801 - 2 000
R125 001 - R150 000	344	35 001 to 40 000	2 001 - 2 500
R150 001 - R175 000	415	40 001 to 45 000	2 501 - 3 000
R175 001 - R200 000	487	45 001 to 50 000	3 001 - 4 000
R200 001 - R250 000	560	50 001 to 55 000	> 4 001
R250 001 - R300 000	704	55 001 to 60 000	
R300 001 - R350 000	788	60 001 to 65 000	
R350 001 - R400 000	927	65 001 to 70 000	
more than R400 001	1067	70 001 to 75 000	
	1183	75 001 to 80 000	
		80 001 to 85 000	
		85 001 to 90 000	
		90 001 to 95 000	
		95 001 to 100 000	
		100 001 to 105 000	
		105 001 to 110 000	
		110 001 to 115 000	
		115 001 to 120 000	
		120 001 to 125 000	
		125 001 to 130 000	
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		685 001 to 690 000	
		690 001 to 695 000	
		695 001 to 700 000	
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		790 001 to 795 000	
		795 001 to 800 000	
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		805 001 to 810 000	
		810 001 to 815 000	
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		855 001 to 860 000	
		860 001 to 865 000	
		865 001 to 870 000	
		870 001 to 875 000	
		875 001 to 880 000	
		880 001 to 885 000	
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		965 001 to 970 000	
		970 001 to 975 000	
		975 001 to 980 000	
		980 001 to 985 000	
		985 001 to 990 000	
		990 001 to 995 000	
		995 001 to 1000 000	

As an example an employee on a T15 Notch 1 is used

Annual Salary 306259

Salary PA	306 259.00
13th Cheque	25 521.58
Total equivalent to vehicle price	331 780.58

Component	c/Km
Fixed Cost /Km (D)	927.00
Fuel cost per Km (A)	148.61
Service & Repair (B)	29.17
Tyre Cost (C)	25.20
Total Cent per Km (A)+(B)+(C)+(D)	1 129.98

14.02 x 10.6 Current fuel price x Fuel Factor

Current fuel price R 14.02

Tyre Cost

Fuel Factor

Service & Repair

Monthly Allowance payable = R11.30 x 850 Km = R9,605.00