

**GREATER LETABA MUNICIPALITY**



**GLM CAR ALLOWANCE POLICY**

## **2. PREAMBLE**

3. It is essential that employees travel to other cities and towns in order to establish and maintain relationships with other municipalities, government departments, and organizations operating in and outside the sphere of local government.

4. Travel costs will be charged to the Municipality for attendance of workshops, seminars, conferences, congresses and similar events and special visits that have relevance to the promotion of developmental local government in accordance with the delegation of powers of the Municipality.

## **5. PURPOSE**

6. The main objectives of the policy are:

7. To provide guideline, conditions and limitations on the payment of a car allowance.

8. To provide for the basis of compensation and benefits in respect of employees who utilize private transport with prior arrangements.

9. To encourage a culture of saving costs.

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## **11. SCOPE OF APPLICATION**

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13. The policy applies to employees of the Municipality.

14. Car allowance for Councillors shall be managed as per Travel allowance policy for Councillors.

15. Car allowance for the Accounting Officer and Senior Managers shall be managed as per the Regulations on appointment and conditions of employment of Senior Managers.

16.

## **17. PROBLEM STATEMENT**

18. The municipality is experiencing the delay in service delivery due inadequate fleet. It provides car allowances to certain categories of employees enable them to render such services.

19.

## **20. POLICY PROVISION**

## **21. SCHEME STIPULATIONS.**

22. All employees will claim their travel allowance as prescribed by the policy.

23. Employees are provided an allowance in terms of the staff benefits approved by the Municipality.

24. A Senior Manager shall recommend to the Car Allowance Committee, positions which qualify for allowance in their Directorate before advertisement.

25. An employee who on request and with the approval of Accounting Officer uses a private vehicle in the execution of official duties, should be reimbursed.

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## **27. SCHEME PARTICIPATION ??**

28. The scheme provides for participation by employees subject to approval of the Accounting Officer.

29. Employees at post levels 2 and 3 automatically qualify to participate in

the scheme.

- 30. Employees at post levels 5 to 8 qualify to participate in the scheme after recommendations by the Car Allowance Committee and approval by the Accounting Officer.
- 31. In respect of clause 47.6.2 & 47.6.3, employees are obliged to submit proof of ownership or proof of purchase or contract to the Accounting Officer upon request.
- 32. Official distance travelled may be claimed in accordance with the Councils applicable policy and not exceeding the applicable tariffs prescribed by prescribed SARS rates for the use of privately- owned vehicles.
- 33. The car purchased under the scheme shall be suitable for the employee to perform official duties.
- 34. Employees acting on a position with a car allowance will be paid the allowances linked to the post automatically.
- 35.

**36. CALCULATION OF ALLOWANCES.**

- 37. For classification purposes, the following forms of allowances are identified:
- 38. Fixed Car Allowance.
- 39. Running Transport Allowance.

**40. Fixed Car Allowance.**

41. The fixed car allowance shall be calculated at 25% of annual basic salary.

**42. Running Transport Allowance.**

- 43. The running cost tariffs shall be determined by SARS guidelines as published annually.
- 44. When it is agreed with an employee to use private transport for the execution of official duties, a running transport allowance shall be paid in accordance with the kilometers travelled.
- 45. The Accounting Officer shall approve official kilometers in excess of the threshold determined in the table below:

46.

**47. Table 1: Prescribed monthly kilometers per post level**

| 48. Post Level | 49. Km Per Month |
|----------------|------------------|
| 50.2           | 51.1500          |
| 52.3           | 53.1300          |
| 54.5, 6, 7 & 8 | 55.1100          |

56.

- 57. An employee who purchases a car that exceeds the prescribed Fixed Car Allowance shall be liable for the payment of the difference.
- 58. The payment of running costs is subject to the following conditions:
- 59. No official transport will be provided to such employees.
- 60. Travelling between homes to work shall not form part of the running cost allowances.

61.

**62. BASIS OF COMPENSATION**

**63. Unauthorized Absence from Duty**

64. The fixed monthly travelling allowance will be calculated and deducted pro-rata according to the number of working days of such unauthorized period.

**65. Transfer of Staff**

66. Should an employee be temporarily transferred by the Accounting Officer to a post of which no car allowances has been authorized, the Municipality shall pay such an employee monthly allowances for such period of transfer.

67. Should an employee be permanently transferred by the Accounting Officer to a post of which no car allowances has been authorized, the Municipality shall pay such an employee monthly allowances for the duration of the contract of the car.

68.

**69. Employee's Responsibility**

70. An employee that participates in the car allowance scheme is obliged to have suitable transport available at all times for the execution of official duties.

71. The following documents shall be submitted for car allowance before payment is effected:

72. Proof of ownership / capital contract

73. Roadworthy

74. Suitable for the job function

75. If the employee settles his / her vehicle before the expiry of six years period, then the original contract will prevail and the Municipality will be entitled to pay him / her the remaining period.

76. Employees are prohibited to purchase a car which is older than three (3) years or above 120 000km.

77. An employee that participates in fixed car allowance must after finishing their current installments re-apply for the car allowance, excluding levels 2, 3 employees and positions advertised with car allowance.

78.

79. Adjustments of car allowances

80. The calculation of car allowances is adjusted automatically with annual salary increase.

81. The adjustments and amendments shall be effected from the first day of the month following the month of adjustment in which the annual salary increased.

**82. Withdrawal of car allowances**

83. Should an employee occupying a car allowance bearing position be transferred at own request to another position not bearing any car allowance, such allowance shall be withdrawn from date of transfer.

84.

85. CRITERIA FOR CAR ALLOWANCE

86. Availability of the budget

87. Nature of the job/ Job description

88. Number of kilometers travelled for the past 3 months

89. Motivation from the supervisor

90.

91. APPLICATION PROCEDURE

92. An application for car allowance shall be done in writing to the Accounting Officer.

93. The Car Allowance Committee shall develop Terms of Reference to perform its duties informed by the criteria indicated above.

94. The Car Allowance Committee shall after adjudication in consultation with the relevant Directorate make recommendation to the Accounting Officer.

95. The Car Allowance Committee shall make recommendations to the Accounting Officer within 30 days.

96.

**97. COMPOSITION OF THE COMMITTEE.**

**98.**

99. The Accounting Officer shall appoint the Car Allowance Committee composing of the following:

100. Chairperson: Senior Managers: Corporate Services

101. All Senior Managers

102. Secretariat: Deputy Manager: Fleet and Asset Management

103. Labour (observers)

104.

**105. ATTENDANCE OF SEMINARS, COURSES AND MEETINGS**

106.

**107. Traveling costs**

108. The travelling cost tariffs shall be determined by SARS guidelines as published annually

109. Where private transport is used kilometers travelled shall be claimed as per SARS guidelines published annually.

110. The point of departure in any official trip shall be the office where the employee reports for duty.

**111. Tax On Allowances**

112. The payment of all allowances has tax implications, refers to the Income Tax Act, such payments should be included as part of the monthly payroll cycle and should be taxed in the month that the allowance was paid to the official.

**113. ROLES AND RESPONSIBILITIES**

**114.**

115. The Accounting Officer or his / her delegated assignee(s) accept overall responsibility for

116. the implementation and monitoring of the policy.

117. The financial implications related to implementing this policy shall be qualified and quantified by Corporate Services in consultation with the Budget and Treasury Office.

**118.**

**119. POLICY MONITORING AND EVALUATION**

120. 47.10.1 This policy shall be implemented and effective once approved by Council.

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