



GREATER GIYANI MUNICIPALITY

Tel : 015 811 5500
Fax : 015 812 2068
Web : <http://www.greatergiyani.gov.za>

P/Bag X 9559
Giyani
0826

CAR ALLOWANCE POLICY

Review approval: 28/05/2021

Council Resolution No: CR67 – 28/05/21 SP

Object

To provide guidelines, conditions and limitations over which car allowances shall be provided and managed.

TABLE OF CONTENTS

HEADING	PAGE
1. ACRONYMS	3
2. DEFINITIONS	3
3. PREAMBLE	3
4. OBJECTIVE OF THE POLICY	3
5. SCOPE OF APPLICATION	3
6. LEGISLATIVE FRAMEWORK	4
7. CONTENT OF THE POLICY	4
8. CLASSIFICATION OF CAR ALLOWANCE	4
9. LIMITATIONS	5
10. CALCULATION OF CAR ALLOWANCE	6
11. OPERATION OF THE POLICY	6
12. ANNUAL INCREASE OF CAR ALLOWANCE	6
13. INTERPRETATION	6
14. REVIEW OF THE POLICY	6

1. ACRONYMS

“**MM**” refers to the Municipal Manager.

“**DIRECTORS**” refers to the Heads of the Departments.

2. DEFINITIONS

For the purpose of this policy the following definitions shall apply:

“**Official distance**” means the distance in kilometres travelled by an employee in his/her employer’s service.

“**AA Tables**” means Tables that guide to how much it is likely to cost the average private user to run a car”

“**Engine capacity**” the volume of all cylinders in a car’s engine in cubic centimetres (cc) or in litres.

“**Fixed costs**” means the tariff in cents per kilometre as determined on the annual salary notch of the official concerned and may include: insurance and licencing of vehicles.

“**Running costs**” includes maintenance and fuel costs.

“**Annual salary**” means salary offered to an employee excluding all benefits.

“**Private transport**” refers to an employee’s own transport requested for official duties.

3. PREAMBLE

- (a) The purpose of this policy is to provide for reasonable recovery of travelling costs incurred by officials in pursuant of municipality interests at places other than the official place of work.
- (b) The policy thus provides guidelines on travel and subsistence arrangements for municipal officials; it is envisaged that from time to time officials will be required to perform duties away from their normal place of work.
- (c) It is essential that clear policy guidelines be provided regarding the undertaking of such journeys and the travelling and subsistence costs ensuing from such travels.

4. OBJECTIVE OF THE POLICY

- (1) This policy deals with the payment of a transport allowance to Greater Giyani employees who have got car allowance and those who are required to utilize private transport in the execution of their official duties.
- (2) The objective of the policy are to provide for the following:
 - (a) Uniform guidelines, conditions and limitations in terms of which the policy is to be run.
 - (b) The basic of compensation and policy benefits in respect of employees who utilize private transport is available and/or whether prior arrangements have been made with an employee to utilize private transport for official purpose.

5. SCOPE OF APPLICATION

- (a) This policy shall be observed by the Greater Giyani Municipality and its employee in its employment.
- (b) Any employee of the Greater Giyani Municipality who on request and with the approval of his employer utilizes a private vehicle in the execution of official duties, is a participant in

the policy and consequently entitled to the specific policy benefits but is also subject to the conditions and limitations contained in the policy.

6. LEGISLATIVE FRAMEWORK

- (a) Municipality Finance Management Act, Act 56 of 2003
- (b) MFMA Budget Circulars
- (c) Municipal Systems Act, Act 2000 of 2008

7. CONTENT OF THE POLICY

This policy provides for participation by all employees of this Local Municipality with the approval of the Municipal Manager recommended by relevant Senior Manager through the Senior Management Committee or committee appointed by the Municipal manager.

8. CLASSIFICATION OF CAR ALLOWANCE

For classification purposes, the following forms of car allowances are identified:

(1) Fixed Car Allowance (Level 2 to Level 4):

- (a) The allowance is intended for calculation of fixed car allowance for all qualifying employees. As fixed Car allowance is regarded as a fringe benefit, such incumbent of the position qualifies for a monthly allowance based on the minimum distance as follows:
 - (i) Incumbents on post level 2 = 750km
 - (ii) Incumbents on post level 4 and below = 650km

(2) Nature of Council Duties

- (a) Employees who qualify for policy participation due to the nature and the requirements to perform council duties utilising their own private motor vehicle will be further be compensated for the journeys travelled outside the boundaries of Greater Giyani Municipality in accordance with prescribed department of Transport rate Tariff for total kilometres travelled.
- (b) Compensation for the journeys travelled within the jurisdiction of Greater Giyani will also be paid if the official proved that the minimum kilometres allocated above have been exceeded. Only official trips travelled within the jurisdiction of the municipality will be considered for this purpose.] The engine capacity for reimbursement of official trips will not exceed (3.5L).
- (c) It is thus a requirement for participation in the Car allowance policy that suitable private transport must be available for execution of official duties. Such private vehicle must be registered with Payroll units for official duties.
- (d) The payment of a fixed monthly transport to the various incumbents are however subject to the following conditions:
- (e) That no official transport will be provided to such incumbents.
 - (i) That private vehicle must always be available for official duties.
 - (ii) Residence to place of work trips does not form part of the official trips.

(3) An Ad Hoc Transport Allowance

- (a) Those participants are not receiving fixed monthly car allowance and when no official vehicle not available.
- (b) The Head of Department shall motivate to Senior Management Committee that an employee below level 4 should receive car allowance based on the nature of his/her job before approval by the Accounting Officer.

(4) Flexible Car Allowance

It must be based on the nature of his/ her job requirements and where the official vehicle cannot be provided for the period of 12 months.

9. LIMITATIONS

- (1) Employees who qualify for policy participation due to the nature and the requirements to perform council duties utilising their own private motor vehicle will be further be compensated for the journeys travelled outside the boundaries of Greater Giyani Municipality in accordance with prescribed department of Transport rate Tariff for total kilometres travelled.
- (2) Compensation for the journeys travelled within the jurisdiction of Greater Giyani will also be paid if the official proved that the minimum kilometres allocated above have been exceeded. Only official trips travelled within the jurisdiction of the municipality will be considered for this purpose.] The engine capacity for reimbursement of official trips will not exceed (3.5L).
- (3) It is thus a requirement for participation in the Car allowance policy that suitable private transport must be available for execution of official duties. Such private vehicle must be registered with Payroll units for official duties.
- (4) The payment of a fixed monthly transport to the various incumbents are however subject to the following conditions:
 - (a) That no official transport will be provided to such incumbents.
 - (b) That private vehicle must always be available for official duties.
 - (c) Residence to place of work trips does not form part of the official trips.
 - (d) That all other requirements contained in this policy are complied with.
 - (e) When it is agreed (by means of approval by the Head of Department municipal manager) that the incumbent of specific position will use his/her utilize private vehicle for the execution of official duties, the total km travelled will be reimbursed to such employee in accordance with the Department of Transport rate tariff subject to the following conditions:
 - (i) That the km travelled be approved by the Head department or the Municipal Manager.
 - (ii) That the reimbursement of kilometres travelled for and AD HOC Transport allowance will be based on journeys for both inside or outside the municipality boundaries
 - (iii) Residence to place of work trips does not form part of the official trips.
 - (iv) After twelve months will be reviewed (Flexible car allowance).

- (v) Should an employee be transferred by the Municipal Manager to a post for which no travelling allowances has been authorized, the Council shall pay such an employee his/her monthly allowances.
 - (vi) Should an employee be transferred at his /her own request to another position not bearing any transport allowance, no transport allowance shall be payable from the date of transfer.
- (f) Should the Municipal Manager on the advice of Senior Manager or delegated official decide to withdraw an employee's Car allowance the employee, shall be given three (3) months written notice of such retraction during which period of three (3) months, the employee shall receive a monthly transport allowance on the following basis:
- (i) A fixed cost for the notice period or the remaining period of payment of cost.
 - (ii) A running cost only of official journeys undertaken during the notice period of the remaining period.

10. CALCULATION OF CAR ALLOWANCE

(1) Determination Of AA Rates

All car allowance payments shall be calculated in accordance with Automobile Association of South Africa rates calculator, "herein referred to as AA rate calculator" (example attached).

- (2) **Formula Used:** FIXED COST + RUNNING COST where
 FIXED COST= (FIXED COST RATE*ANNUAL KM+ANNUAL SALARY*INSURANCE) + RUNNING COSTS (ENGINE CAPACITY * APPLICABLE RATE IN ACORDENCE WITH THE DEPARTMENT OF TRANSPORT TARRIFF)

- (3) **Calculation for an AD HOC Car allowance:** Shall be based on payment of running cost for all km travelled.

11. OPERATION OF THE POLICY

This policy shall come into operation, when is approved by the Greater Giyani Municipal Council.

12. INCREASE OF CAR ALLOWANCE

The fixed and flexible car allowance shall be assessed after two years to determine if it is required to increase based on the AA calculations.

13. INTERPRETATION

In the event of any inconsistency between this policy and any other government legislation, such legislations prevail.

14. REVIEW OF THE POLICY

The policy shall be reviewed as and when required, but within a cycle of five years.

SIGNED BY:

CLLR B.A. SHIBAMBU
THE MAYOR

BASHIBAMBU
SIGNATURE

28/05/21
DATE