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CAR ALLOWANCE POLICY

Council Resolution No: CR97-28/05/26sp

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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

- (1) 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.
- (2) 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.
- (3) 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

- (1) This policy shall be observed by the Greater Giyani Municipality and its employee in its employment.
- (2) 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

- (1) Municipality Finance Management Act, Act 56 of 2003
- (2) MFMA Budget Circulars
- (3) 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

Car allowance is classified into the following categories:

- (a) Fixed car allowance
- (b) Ad Hoc car allowance

9. FIXED CAR ALLOWANCE (Level 2 and Level 4):

- (1) A fixed monthly car allowance will be allocated to a qualifying employee on salary level 2 and the allowance will be allocated as follows:
 - (a) An employee on level 2 appointed prior to 01 July 2019 is allocated R17007.50;
 - (b) An employee on level 2 appointed on 01 July 2019 is allocated R16, 920.60;
 - (c) Employees on level 4 appointed prior to 01 July 2019 are allocated as follows and the allocations varies in terms of date of effect of the allocation of the allowances:
 - (i) R13, 852.31
 - (ii) R13, 849.11
 - (iii) R13, 759.42
 - (iv) R13, 701.91
 - (d) An employee on level 4 appointed on 01 July 2019 is allocated R13, 673.90
 - (e) Employees on level 5 car allowance will start from R 11,000.00 per month
Employees on level 6 and below car allowance will start at R10,000.00 per month.
 - (f) Fixed Car allowance is regarded as a fringe benefit to an incumbent of the position which qualifies for allocation of a monthly allowance.

- (g) An Employee who qualifies for policy participation due to the nature and the requirements to perform council duties utilising his / her own private motor vehicle will 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.
- (h) Compensation for the journeys travelled within the area of jurisdiction of Greater Giyani Municipality 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).
- (i) It is 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 Unit for performance official duties.
- (j) The payment of a fixed monthly car allowance to various incumbents are subject to the following conditions:
 - (i) That no official transport will be provided to such incumbents.
 - (ii) That private vehicle must always be available for official duties.
 - (iii) Residence to place of work trips does not form part of the official trips.
- (k) All employees who qualify for car allowance before the allocation of car allowance must provide proof for the car purchase agreement from the financial Institution and in the absence of the purchase agreement the employee will not be allocated with car allowance.
- (l) Human Resources Management will assess the need for car allowance and allocate according to the employees' job descriptions.

10. AN AD HOC TRANSPORT ALLOWANCE

- (1) An employee who qualifies for participation in an Ad Hoc Transport Allowance will apply for participation in the allowance through his/ her supervisor.
- (2) The incumbent of the specific position must submit proof of daily official kilometre distance return (log sheets) for official journeys within the area of jurisdiction of the municipality for a period of three (3) months.
- (3) The Head of Department will motivate to Senior Management Committee that an employee below level 4 should be allocated a transport allowance based on the

nature of his/her job and the recommendation of the committee must be submitted to the Accounting Officer for approval.

- (4) An employee participating in the Ad Hoc Transport Allowance does not receive a fixed monthly car allowance.
- (5) That the reimbursement of kilometres travelled for Ad Hoc Transport allowance will be based on journeys for both inside or outside the municipality boundaries.
- (6) That no official transport will be provided to such incumbents.
- (7) That private vehicle must always be available for official duties.
- (8) Residence to place of work trips does not form part of the official trips.
- (9) That all other requirements contained in this policy are complied with

11.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 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) An employee on level 2 to 4 and those below level 4 to travel monthly kilometre indicated below:
 - (a) Incumbents on post level 2 = 750km
 - (b) Incumbents on post level 4 = 650km
 - (c) Incumbents below post level 4 = 650km
- (3) Compensation for the journeys travelled within the area of jurisdiction of Greater Giyani Municipality will also be paid if the official proved that the minimum kilometres allocated above have been exceeded. Only official trips travelled within the area of jurisdiction of the municipality will be considered for this purpose. The engine capacity for reimbursement of official trips will not exceed (3.5L).
- (4) Travel claims will be kept at 3000 kms per month. In a case where kms exceed 3000, they should be approved by Municipal Manager.
- (5) It is a requirement for participation in the Car Allowance Policy that suitable transport must be available for execution of official duties. Such private vehicle must be registered with Payroll Unit for performance of official duties.

- (6) All vehicles of employees benefiting from the car allowance should be registered under Limpopo province and licensed at the Municipal traffic station.
- (7) When the Municipal Manager approves that the incumbent of specific position will use his/her private vehicle for the execution of official duties, the total kilometres travelled will be reimbursed to such employee in accordance with the Department of Transport Rate Tariff subject to the following conditions:
- (a) That kilometres travelled be approved by the head of department or head of division where an employee is in Office of the Mayor and Municipal Manager.
 - (b) Should an employee be transferred by the Municipal Manager to a post for which no car allowances has been authorized, the Council shall pay such an employee the monthly allowance.
 - (c) Should an employee be transferred at his /her own request to another position not bearing any car allowance, no car allowance shall be payable from the date of transfer.
- (8) Should the Municipal Manager on the advice of a Senior Manager or delegated official decide to withdraw an employee's car allowance/ad hoc transport 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 car allowance/ad hoc transport allowance on the following basis:
- (a) A fixed car allowance for the notice period or the remaining period of payment of cost.
 - (b) A fixed cost for the notice period or the remaining period of payment of cost.
 - (c) A running cost only of official journeys undertaken during the notice period of the remaining period.

12.CALCULATION OF AD HOC CAR TRANSPORT ALLOWANCE

(1) DETERMINATION OF AA RATES

- (a) An Ad Hoc transport allowance payments shall be calculated in accordance with Automobile Association of South Africa rates calculator, "herein referred to as AA rate calculator".
- (b) FORMULA USED: FIXED COST + RUNNING COST where

$$\text{FIXED COST} = (\text{FIXED COST RATE} \times \text{ANNUAL KM} + \text{ANNUAL SALARY} \times \text{INSURANCE}) + \text{RUNNING COSTS (ENGINE CAPACITY} \times \text{APPLICABLE RATE IN ACORDENCE WITH THE DEPARTMENT OF TRANSPORT TARRIFF)}$$
- (c) Calculation for an AD HOC transport allowance will be based on payment of running cost for all km travelled.

13. OPERATION OF THE POLICY

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

14. ANNUAL INCREASE OF CAR ALLOWANCE

Fixed and flexible car allowance shall annually increase in terms salary increment and Ad Hoc Transport Allowance shall increase annually based on the AA calculations.

15. INTERPRETATION

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

16. REVIEW OF THE POLICY

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

SIGNED BY:

Cllr Zitha T

THE MAYOR



SIGNATURE

28/05/2026

DATE