

# **MOLEMOLE LOCAL MUNICIPALITY**



## **CAR ALLOWANCE POLICY**

## **1. Aim**

The aim of this policy is to regulate the granting of Car allowance to the employee of Molemole Local Municipality.

## **2. Objectives**

- a) To regulate payment of car allowance to Molemole Local Municipality employees, who have to travel in the execution of official duties
- b) To establish uniform directives, procedures, conditions and limitations according to which the car allowance can be paid
- c) To establish procedure and condition under which employees can use their private vehicle in the execution of the official duties

## **3. Allocation of Car and Travel Allowance**

- a) The allocation of car allowance to employee is mainly informed by the functions and duties that they perform and must be recommended by the employee's immediate supervisor. However the following positions shall automatically qualify for the allowances:
  - Municipal Manager and Section 57 Managers
  - Divisional Managers
- b) The Municipal Manager and Section 57 Managers and contract employees have the latitude of structuring their motor vehicle allowance as a condition of their employment contracts.
- c) An employee may be considered for an allowance provided that the departmental manager for that employee, will based on the function and duties of that employee, submit motivation for the allocation of the car allowance to the concerned employee. The application should further be recommended by the Municipal Manager or his/her delegate based on the inherent job requirements.
- d) Allocation of car allowance to employee may be reviewed if the duties of that position change.
- e) All employees allocated a car allowance must have the vehicle on which a car allowance is paid, available for the execution of official duties at all times. Other officials transport will not be made available to such incumbents.
- f) Add the following clause Officials receiving car allowances must consistently declare ownership of the vehicles utilised.
- g) All head of Department must ensure that adequate budgetary provision are made for all post that qualify for an allowance during the budgetary process.

## **4. Payment of Ad-Hoc travel allowances**

- a) This refers to allowances paid monthly to incumbents of posts not linked to the car allowance scheme but that are remunerated in accordance with predetermined

distances. This calculation basis also refers to employees not appointed in positions linked to the car allowance scheme but who are required from time to time to undertake official ad-hoc trips with private transport. Ad-hoc claims are paid upon submission of relevant claim forms, certified as correct by the relevant departmental manager.

- b) The calculation and payment of ad-hoc travel allowance will be the same as the one applicable to other officials entitled to a car allowance.

#### **5. Termination of car allowance**

- a) If an employee, who is an incumbent of a position linked to the car allowance, is transferred by the municipality to another position not linked to a car allowance and such transfer was not requested by the employee, the municipality will give the employee six months written notice of its intention to withdraw the car allowance.
- b) During the six- months period the employee shall receive the full monthly travel allowance as was applicable prior to the transfer. After the six- month period only a fixed travel allowance, as previously applicable, shall be payable based on applicable fixed costs until such time as the official's motor debt is paid-off, upon which the payment will be terminated. The employee has the responsibility of supplying the municipality with all documentation required for the execution of the payment.
- c) Payment of the allowance in (b) will be terminated immediately if the employee decides to dispose off the vehicle for which a travel allowance was received.
- d) If the employee is demoted or transferred based on act of misconduct, the municipality will give such employee six months written notice for the termination of the allowance.
- e) The municipality will terminate the travel allowance on termination of service by the employee.

#### **6. Conditions**

- a) An employee will be allowed to claim if they travel outside the jurisdiction of the Municipality from the office.
- b) All claims for official trips must be supported by a Trip Authorization of the Form, which shall be submitted as travel claims are presented.
- c) The applicable running cost tariff in terms of the Department of Transport Schedules will be paid with regard to official trips travelled mentioned in 6(a), and as per the official claim form submitted.
- d) All claims shall be duly certified by the relevant departmental manager, before submission. The Municipal Manager will certify claims for the departmental managers.

#### **7. Payment in respect of a fixed car allowance**

- This payment refers to the fixed amount which is paid monthly to incumbents of position mentioned in paragraph level one, two and three on the council's schedules of service.

- Payment of car allowance for officials is based on **25% (twenty-five)** of an employee's annual salary.

#### **8. Adjustment of travel allowance**

The allowance will be adjusted annually in line with the incumbent's gross salary.

#### **9. Payment of travel allowance claims/tariffs**

- The travel allowance tariff will be based on the Department of Transport scheduled of travel tariff.
- The calculation for travel allowance is automatically adjusted and amended in the accordance with the Department of Transport scheduled published from time to time.

#### **10. Financing**

- a) Employee are expected to arrange for the financing of private vehicle at a financial institution of their choice.
- b) The municipality may negotiate with financial institution to grant preferential rates to employees but utilising the services of such financial institution is however not compulsory by an employee.

#### **11. Choice of vehicle and purchase price**

The decision about the choice of a vehicle, which the employee prefer to use in the daily execution of work activities, rests with the employee, with the understanding that the type of vehicle shall comply with the purpose and requirement for the execution of the employee's official duties.

#### **12. Formalities, which have to be met when allocating the car allowance**

Prior to the granting of a car allowance the following formalities have to be met:

The following documents must be submitted to HR division before an allowance can be paid:

- Certified copy driver's licence.
- Certified copy of vehicle registration certificate
- Proof of ownership

#### **13. Date of effect**

This policy comes into effect on the date of approval by council.

#### **14. Implementation of this Policy**


The implementation of this policy to all qualifying employees is subject to the approval of Municipal Manager and availability of funds.

#### **15. Monitoring**

For purposes of expenditure monitoring, the finance division shall monthly submit an expenditure report to Exco to determine whether the municipality does sustain the policy.

**ENDORSEMENT**

The Policy shall come into effect on the date of endorsement and shall cease only in the event where changes / variations has been signed by the Accounting Officer. Changes resulting from change in legislation or any mandatory order will have automatic effect.

<b>Signature:</b>	
<b>Initials and Surname:</b>	ME PAJA
<b>Designation:</b>	MAJOR
<b>Council Resolution Number:</b>	OC 17.3.2 / 30 / 05 / 23
<b>Council Date:</b>	30 / 05 / 2023