

EMAKHAZENI LOCAL MUNICIPALITY



SUBSISTENCE AND TRAVELING ALLOWANCE POLICY

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1. Introduction

EMAKHAZENI Local Municipality aims to provide and assist its employees with subsidized transport to be able to carry out their duties effectively. This policy provides guidelines for traveling and subsistence allowances for certain categories of employees employed by the Emakhazeni Local Municipality.

2. Definitions

For the purpose of the policy, the following words will have meanings as indicated.

"Accounting Officer" means a person appointed by the Council as Municipal Manager in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003), including any person acting in that position or to whom authority is delegated; "

"Chief Financial Officer" means a person appointed in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated; "

"Council "means the Council of Emakhazeni Local Municipality.

"Municipality" Emakhazeni Local Municipality, established in terms of sections 12 and 14 of the Structures Act.

"Councilor "means the community representative elected to serve on the Council.

"Emakhazeni boundaries" means the area determined by the National Demarcation Board for the municipal area known as (MP314) Emakhazeni.

"Executive Mayor" The Executive Mayor of the Emakhazeni Local Municipality elected in terms of section 55 of Municipal Structures Act, 1998 (Act 117 of 1998).

"Delegate" means any councilor or any official that received permission to attend an official function/visit.

"Official visit" means the attendance of meetings, seminars, workshops, training courses or any other event/function that a delegate attends in his/her official capacity for which prior approval has been obtained and/or officials that have been selected to serve on the management structure of the institute.

"Negotiated transport/travelling allowance" means the allowance negotiated by incumbents employed as Municipal Manager and other managers on fixed term performance contract.

"Fixed transport/travelling allowance" means the allowance intended for incumbents of the post of section 56 managers and Deputy Managers. These incumbents receive a monthly

vehicle allowance in terms of the vehicle allowance scheme as a prerequisite: In other words, the allowance is seen as an additional income and a customary right or privilege applicable to incumbents in these posts.

"Any other post" means any post that may be determined by the Municipal Manager as a Traveling Allowance Bearing post (of which may be revoked by the MM at any time by giving one (1) month notice)

"Running transport allowance" means the allowance paid to incumbents not receiving a negotiated or fixed transport/travelling allowance and with whom it was agreed upon to daily utilize private transport for the execution of officials duties, and to whom a transport allowance is paid in accordance to the fixed average journey distance per month as determined for the particular incumbent.

These incumbents do not receive a monthly allowance as a perquisite; In other words, allowance is not seen as an additional income or a customary right or privilege applicable in these posts, but regarded as an allowance to enable them to perform their duties.

"Fixed average journey distance per month" means the distance in kilometers per month (850km) on which a monthly transport/travelling allowance was based.

"Ad hoc transport allowance means" the allowance payable to any official not receiving either a fixed, running or negotiated traveling allowance, but are requested to use private transport in the execution of his/her duties.

"AA Tariff" means the estimated average fixed costs as determined by the Automobile Association of South Africa from time to time.

"Department of Transport Tariff" means the estimated fixed costs as determined by the Department of Transport from time to time.

"Subsistence Allowance" means an allowance payable to a qualifying councilor or employee who has been away on an official trip for a certain number of hours as stipulated in the policy. The allowance will only be payable if no meals and or accommodation was provided.

3. Purpose

The policy seeks to regulate the allocation of transport/travelling and subsistence allowance to councilors and employees.

To ensure that Councilors/officials adhere to procedures for travelling, accommodation and subsistence expenses.

To ensure that payments made are for the actual cost incurred for official municipal business.

The policy seeks to prevent the misuse of municipal vehicles at the expense of service delivery.

4. Scope of Application

This policy applies to all Councilors, Employees and potential Candidates of Emakhazeni Local Municipality.

5. Legal Framework

Determination of Tariffs by the Automobile Association of South Africa (AA)

Determination of Tariffs by the Department of Transport

Determination of Upper Limits of Salaries, Allowances and Benefits of different Members of Municipal Councils in terms of the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998)

Any other relevant Legislation and Council Policies or Resolutions

Determination of Total Remuneration Packages payable to Municipal Managers and Managers Directly Accountable to Municipal Managers

6. Policy Provisions

6.1 Approval

6.1.1 Official visits by employees/officials **within** Emakhazeni boundaries will be subject to the approval of his/her manager.

Official visits by employees/officials **outside** Emakhazeni boundaries will be subject to approval by the Municipal Manager or her/his designate.

6.1.2 Official visits by the Municipal Manager and Section 56 Managers will be subject to approval by the Executive Mayor and Municipal Manager, respectively.
Official visit by any Councilor will be subject to approval by the Executive Mayor or the Speaker.

6.2 Transport/Traveling allowance

6.2.1 Transport/Traveling allowance payable to official's receiving a monthly vehicle allowance.

- 6.2.1.1** An Employee/Official occupying a Traveling Allowance Bearing post will be allocated 850km per month.
- 6.2.1.2** Any employee claiming to have travelled more than the allocated 850 km per month will not be reimbursed, unless:-
 - 6.2.1.2.1** A three (3) months logbook is submitted for calculations of an average kilometers travelled per month, where after, the municipal manager may use his/her own discretion whether to reimburse the kilometers in excess or increase the allocated kilometers which may not exceed a maximum of 1000km per month on condition that the relevant employee agrees to a submit a logbook every month, failing which, the traveling allowance will be paid according to the 850 km per month.
 - 6.2.1.2.2** The municipal manager will use his/her own discretion on the allocation of travelling allowances to any other posts that are non-travelling allowance bearing posts, from a minimum of 450km per month up to a maximum of 850km per month.
 - 6.2.1.2.3** The above traveling allowance may be revoked by the Municipal Manager at any time by giving one (1) month notice.

6.2.2 Calculation of travelling allowance

- 6.2.2.1** Upon submission of proof of ownership of a car, the traveling allowance will be calculated according to AA tariffs, taking into consideration the capacity of the engine of the car, the number of kilometers allocated (850km) and the purchase price or annual salary, **whichever is the lesser.**

6.3 Submission of proof of vehicle details

- 6.3.1** It is the responsibility of the employee/official to submit to the HR Section the following;
 - 6.3.1.1** Vehicle details which must reflect the name of the employee/official, purchase price, engine capacity and signature of the employee /official's supervisor confirming the date of using the vehicle for official purpose by the employee/official.
 - 6.3.1.2** Change of vehicle details as a result of purchasing another vehicle.
 - 6.3.1.3** Late submission of vehicle details will under no circumstances entitle an employee/official to be paid retrospectively or receive back pay.
 - 6.3.1.4** Payment of travelling allowance to an employee/official whose vehicle has broken down of which proof for handing in the vehicle for repairs may be

required, will be paid subject to approval of the Municipal Manager, for a period not exceeding three (3) months.

- 6.3.2** During the period of three (3) months, the employee/official will be required to make own alternative arrangements of transport to be used whenever required or when a need arise.
- 6.3.3** An Employee/Official receiving a negotiated transport allowance will be reimbursed for journeys either inside or outside the Emakhazeni boundaries on the terms and conditions of the contract of employment of Senior Managers. Any allowance or transport costs payable to Senior Managers will be subject to the regulations pertaining to the Total Remuneration packages payable to Municipal Managers and Managers directly reporting to the Municipal Managers from time to time, and will be paid according to the tariffs prescribed by the Department of Transport for use of privately owned vehicle
- 6.3.4** Employees/Officials receiving a **fixed transport allowance** or running transport allowance will be reimbursed for transport expenses incurred by him or her for all destinations undertaken **outside** Emakhazeni town without having to first exhaust the fixed average journey distance per month (850km) for the post occupied by him/her. The kilometers traveled will be paid at the running cost of the vehicle used as determined by the Automobile Association from time to time.
- 6.3.4.1** For example, an employee/official who occupied a post with a fixed transport allowance and who traveled 800km **outside** Emakhazeni will be reimbursed according to AA running costs regardless of his or her fixed average journey distance per month. A completed transport and subsistence claim form must be submitted to the Manager: Finance to claim. Each individual trip is subject to the approval of his/her Manager and the Municipal Manager.
- 6.3.5** Any employee/official receiving either a fixed or running transport allowance may claim transport expenses if he or she has to use his/her vehicle for journey outside the boundaries of Emakhazeni Municipality, regardless of the number of kilometers already traveled by an employee within the boundaries of Emakhazeni Local Municipality. A completed transport and subsistence claim form must be submitted to the Manager: Finance for payment after approval by both his/her Manager and Municipal Manager.
- 6.3.6** The Municipal Manager should review allocation of travelling allowances to any other posts on a quarterly basis.
- 6.4 Ad hoc transport allowance payable to officials not receiving a vehicle allowance that uses privately owned vehicle for official purposes.**
- 6.4.1** A transport allowance to employees in this category will be paid at a rate based upon AA running costs and fixed cost to a maximum of a 2500cc vehicle for official visits within or outside the Emakhazeni boundaries. However, these trips must be limited to

the absolute essential trips only. Official transport should be used as far as possible.

6.5 Transport costs payable to Councilors

6.5.1 Any allowance or transport costs payable to councilors will be subject to the regulations pertaining to the Remuneration of Public Office Bearers as promulgated by the Minister of Co-operative Governance and Traditional Affairs in terms of the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) from time to time, and will be paid according to the tariffs prescribed by the Department of Transport for use of privately owned vehicle.

6.6 Subsistence

6.6.1 Accommodation Expenses

6.6.1.1 Accommodation expenses will be payable in terms of paragraphs 6.6.1.3 or below, when it can reasonable be expected of a Councilor or employee to stay overnight during an official visit.

6.6.1.2 No accommodation will be payable for official visit within the Emakhazeni boundaries, however, it will be the prerogative of the Executive Mayor or Speaker for Councilors and the Municipal Manager for officials to approve accommodation within boundaries.

6.6.1.3 If a delegate is required to stay overnight in a hotel/guest house, procurement of such expenses shall be done in accordance to the Supply Chain Management Policy.

6.6.1.4 The Manager: Financial services in consultation with the Municipal Manager will revise the amounts mentioned above, annually during the compilation of the budget.

6.6.2 Day allowance

6.6.2.1 A day allowance of **R115.00** per day for official journeys outside the Emakhazeni boundaries will only be payable if a councilor or an employee is away from his or her workplace longer than 6 working hours. Provided that the municipality did not pay for breakfast/dinner or lunch is not provided at the venue

6.6.2.2 The day allowance will under no circumstances be payable to a person for whom lunch is provided and bed, breakfast and dinner has been paid by the municipality

6.6.2.3 No meals will be paid if the daily tariff is claimed.

6.7 Traveling and subsistence payable to officials attending training courses where subsistence over weekends is not provided

- 6.7.1** If an employee, including but not limited to a traffic officer, inspector of licenses, examiner of vehicles, examiner of drivers licenses and fireman, attend a training course at a training institute (e.g. Training college) exceeding one week and a subsistence over weekends is not provided, then costs towards that provision of subsistence during the week will be paid to the training institution that provides such subsistence and the employee will be compensated for traveling and subsistence costs incurred over weekends according to 6.6 above and be reimbursed any transport costs upon submission of proof.
- 6.7.2** An official council vehicle may only be used for this purpose in exceptional circumstances with the prior permission of the Municipal Manager.

6.8 Allowance payable with respect to overseas visits

- 6.8.1** An allowance shall be paid based on **SARS latest gazetted tariffs for foreign subsistence allowance per day**, calculated from the first day of departure, will be paid to any official or councilor traveling overseas on official Council business. The amount must, however, be compared to provincial Government guidelines in this regard and can be revised by Council depending on the exchange rate and the country that is visited.
- 6.8.2** The amount mentioned above will be revised annually by the Manager: Finance in consultation with the Municipal Manager during the compilation of the budget

6.9 General

- 6.9.1** If circumstances necessitate a delegate to incur additional expenses for which provision is not made in this policy, such as toll fees, parking fees etcetera, the delegate may claim compensation for such expenses on the submission of documentary proof provided that the departmental head /Municipal Manager in the case of an official, or the Executive Mayor in case of a councilor, is of the opinion that such expenditure was justified.
- 6.9.2** If more than one delegate attends a specific official occasion, they should in so far possible; travel with one vehicle and only the owner of the vehicle used will be legible to receive reimbursement for traveling costs in terms of this policy.
- 6.9.3** Should delegates be depended on conveyance (such as car rental) during the visits, such conveyance cost will be recoverable. (car rentals must be based upon the most economical rates including full insurance)
- 6.9.4** Airfares will be paid at economic class tariffs and will be payable to the travel agency making the reservation.

- 6.9.5** Where an official/councilor in his/her own opinion, but with the approval of the Municipal Manager / Executive Mayor decides to use his/her own private vehicle instead of using air transport, he/she will be remunerated according to the AA running cost and official AA distance between Emakhazeni and his/her destination.
- 6.9.6** The day allowance as described above is intended for the financing of personal expenses not provided for in this policy, and no documentary proof for the expenditure thereof is required.
- 6.9.7** Prior approval for all journeys undertaken outside Emakhazeni boundaries must be obtained from the Municipal Manager, who will evaluate the necessity of the journey regardless of the post level of the official involved.
- 6.9.8** The Municipal Manager, in consultation with the Chief Financial Officer will be entitled, in the case where a dispute arises, to make a final decision regarding the mode of transport to be used which will be a cost –effective option for the Council, that is, road versus air transport
- 6.9.9** All previous policies and travelling and subsistence allowance accepted by council as well as all previous council resolution on allowances accepted council are rescinded from the date of the council resolution adopting this policy as the council's only policy on travelling and subsistence allowance for councilors and officials. This policy can therefore only be amended by a resolution of council.
- 6.9.10** Employees participating in the council's Vehicle Allowance and who receive a **running or ad hoc transport allowances** as defined by the council's transportation and subsistence allowance policy must keep a log sheet. The log sheet must be completed and signed by the head of department of the official involved and submitted whenever required, with a completed and signed travelling and subsistence claim form. Only kilometers travelled in that month will be paid out.
- 6.9.11** Under no circumstances will employees allocated or qualifying for traveling allowance be allowed to use municipal vehicles or fuel, oil or any parts of a vehicle belonging to the municipality. Should a municipal employee make use of the above without authorization, disciplinary action will be taken against the relevant employee and will result that the allowance be withdrawn.
- 6.9.12 Interviews** - Persons called for an interview for a position in the Council's establishment may, on approval by the Municipal Manager, be paid subsistence and travelling expenses applicable in respect of the post for which application for employment has been made.
- 6.9.13 Relocation Expenses** - Relocation expenses may be paid subject to a maximum cost of R2 000.00, the Emakhazeni Municipality will pay 50% of an employee's relocation expenses provided that, should the employee concerned leave the Council's service within two years from his/ her date of appointment, the amount paid by the Council will be recoverable in full except where decided otherwise by a resolution of the Council.

The remaining 50% of the cost of relocation will be paid by the employee.

At least three (3) quotations for relocation expenses are to be referred to the Municipal Manager for approval, who may call for additional quotations should he/she consider such action necessary for any reason whatsoever.

For the purpose of this section, relocation expenses shall mean the cost of transporting the employee's household contents to Emakhazeni together with any appropriate insurance costs when relocating from outside the Emakhazeni Local Municipality's boundaries, limited to one relocation per employee.

This policy will apply to certain employees, particularly in senior positions or on the discretion of the Municipal Manager.

8. Roles and Responsibilities

The Role of the Corporate Services Department

The role of the Corporate Services Department is to:

- a) Oversee the administration and management of subsistence and travelling allowances;
- b) Monitor and evaluate allocation of subsistence and travelling allowances within the Municipality;
- c) Amend and implement any changes to the provisions of this policy.

The Role of the Human Resources

The Human Resource Manager is responsible for ensuring that the traveling allowance records are maintained by;

- a) Advising top management on the implementation of the policy on subsistence and traveling allowances;
- b) Managing the allowances and implementing policy provisions accordingly;
- c) Ensuring that the allowances are managed and administered appropriately;
- d) Keep updated records of allocation and payment of travelling allowance for reporting and audit purposes; and

The Role of the Line Manager

- a) Managers must ensure that claims are submitted for approval and payment.
- b) Official trips must be authorized by the relevant Departmental Manager in advance taking into account operational constraints.
- c) Managers are responsible for ensuring that their staff members are aware of the provisions of this policy and that correct procedures are adhered to.

The Role of the Employee

- a) Ensure that a trip authorization is obtained for each official visit and approved before a trip is taken.
- b) Ensure that relevant documents are submitted to the Human Resource Section on time to prevent inconveniences.
- c) Adhere to the prescribed legislations, regulatory frameworks and provisions as outlined in this policy.

9. Monitoring, Evaluation and Reporting

The Corporate Services Manager will report to the Municipal Manager and Council on specific cases, when required to do so. If and when this policy or provision thereof is amended, the amended policy or provision thereof will supersede the previous one.

10. Annexure

Trip Authorization Form
Log Sheet
Traveling and Subsistence Claim Form
AA Tariffs

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