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**CENTRAL KAROO DISTRICT MUNICIPALITY**

**ESSENTIAL USERS ALLOWANCE SCHEME**

**2019/2020**

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| **1.** | **PREAMBLE:** | | | | |
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| 1.1 | The purpose of this policy is to create a policy for the Central Karoo District Municipality that defines the rights and responsibilities for both the employee and employer relating to Essential User Allowance. | | | | |
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| 1.2 | The implementation of this policy shall always be guided by the provisions of the Municipal Finance Management Act to ensure adequate accountability and responsibility. | | | | |
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| **2.** | **DEFINITIONS:** | | | | |
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| 2.1 | All terminology used in this policy shall bear the same meaning as in the applicable legislation. | | | | |
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| **3.** | **LEGAL FRAMEWORK:** | | | | |
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| 3.1 | The Local Government: Municipal Finance Management Act, 2003 (56 of 2003); | | | | |
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| 3.2 | Local Government: Municipal Systems Act, 32 of 2000. | | | | |
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| **4.** | **SCOPE AND APPLICATION:** | | | | |
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| 4.1 | This policy will be applicable towards all qualifying municipal employees, except for the municipal manager as well as employees employed in terms of Section 56 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (hereinafter referred to as senior managers) and other managers who receives a travel allowance as part of a negotiated cost to company appointment. | | | | |
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| **5.** | **PURPOSE:** | | | | |
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| 5.1 | The scheme is implemented for employees whose duties necessitate the daily and continuous use of a vehicle and where such employee provides a private vehicle. | | | | |
|  |  | | | | |
| 5.2 | The essential user car allowance must be seen as an operational allowance and not as a condition of service. | | | | |
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| 5.3 | The Scheme is exclusively directed at essential users and is not intended to provide additional income, a fringe benefit, perk or hand-out to employees, and it becomes a shared asset between the employee and Council. | | | | |
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| **6.** | **ESTABLISHMENT OF A STEERING COMMITTEE:** | | | | |
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| 6.1 | For the purposes of this policy a Steering Committee, consisting out of the Municipal Manager, Chief Financial Officer, Head: Legal Services as well as the relevant Senior Manager, will be established. | | | | |
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| 6.2 | The duties of the Steering Committee will include, but will not be limited to: | | | | |
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|  | 6.2.1 | | Quarterly review of all Essential User Scheme applications, to ensure that all users are still compliyng with the provisions of this policy; | | |
|  | 6.2.2 | | The evaluation and approval of all new applications to the scheme; | | |
|  | 6.2.3 | | Classification of posts as essential user posts; | | |
|  | 6.2.4 | | Investigating any transgressions/ offences/ misconduct by any applicant in the scheme, and the giving of written submissions and/or recommendations towards Discplinary and/or Criminal actions to be instituted by the Municipality. | | |
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| **7.** | **BASIS OF CALCULATION OF ALLOWANCES:** | | | | |
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| 7.1 | Remunerative transport allowances in terms of this policy shall be calculated on the basis of a **standard rate** or **special rate** for fixed and running cost based on the Local Government Bargaining Council schedule. | | | | |
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| 7.2 | The **standard rate** or **special rate** shall apply as the basis of calculation from the beginning of July to the end of the following June. This shall be a basis for calculation only and shall not imply any requirement to purchase a specific vehicle. | | | | |
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| 7.3 | The **qualifying kilometres** for remuneration will be calculated and fixed in terms of paragraph 12.8 of this Policy. | | | | |
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| **8.** | **STANDARD RATE AND SPECIAL RATE:** | | | | |
|  |  | | | | |
| 8.1 | A **standard rate** means a rate equal to the rates for a **model 1800cc** four door sedan or light commercial vehicle, depending on the employee’s functions, as per the Local Government Bargaining Council schedule, or | | | | |
|  |  | | | | |
| 8.2 | A **special standard rate** means a rate applicable to a **different kind of vehicle with a higher capacity** as specified in paragraph 8.1 above. To qualify for a special rate, the relevant employee must apply in writing with a full motivation to the relevant line manager and indicate the circumstances demanding the use of a different kind of vehicle other than the one described in paragraph 8.1 above. The Line manager must consider the request and motivate to the relevant Manager who in turn will submit a recommendation to the Departmental Head for recommendation to the Steering Committee. | | | | |
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| **9.** | **CATEGORIES OF EMPLOYEES AND QUALIFYING KILOMETRES** | | | | |
|  |  | | | | |
| 9.1 | **Task 12 – 13:** | | | | 450km |
|  | **Task 14:** | | | | 500km |
|  | **Task 15 and higher:** | | | | 550km |
|  |  | | | | |
| 9.2 | The employee will be remunerated a fixed allowance per month based on the SA Rates of vehicle operating costs, both fixed and running costs, being table A and B. The purchase price utilized in Table A will be either the cost of acquisition of the vehicle or the book value of vehicle at date when entering into the scheme limited to the annual salary component of the employee. The running costs component of the payment will be based on the engine capacity of the vehicle to a maximum of a **1800cc** petrol vehicle. | | | | |
|  |  | | | | |
| 9.3 | Should the employee travel more than the stipulated distances per month, the employee will be remunerated for the running costs only as per the valid tables published, from time to time, by the Department of Transport [Limited to a **1800cc** petrol vehicle – subsidized Scheme A Rates]. The stipulated distances will include travel outside the boundries of the Central Karoo District. | | | | |
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| **10.** | **CRITERIA FOR PARTICIPATION:** | | | | |
|  |  | | | | |
| 10.1 | The post must require the regular use of a vehicle to ensure a high level of service delivery. | | | | |
|  |  | | | | |
| 10.2 | The department must ensure that sufficient funds have been budgeted to pay for the allowance. | | | | |
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| 10.3 | Transport arrangements and transport needs of the organisation are to be considered along the following criteria: | | | | |
|  |  | | | | |
|  | 10.3.1 | How is the department currently dealing with the transport need? | | | |
|  | 10.3.2 | Is there an existing council vehicle in use? | | | |
|  | 10.3.3 | Is there a replacement or additional vehicle? | | | |
|  | 10.3.4 | Is participation in the scheme the most economical option? | | | |
|  | 10.3.5 | Entry level to comply with qualifying criteria. | | | |
|  |  | | | | |
| 10.4 | The completion of a personal log sheet(s) (on the prescribed form) for all kilometres travelled is compulsory. | | | | |
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| 10.5 | The employee may only register, and make use of, **one** functional vehicle towards the essential user allowance scheme. | | | | |
|  |  | | | | |
| 10.6 | Where it is found that another vehicle is used than the one registered and specified on the scheme, the discrepancy shall be investigated by the Steering Committee, and upon the finding of *prima facie* evidence that misconduct can be proven, the matter will be referred for Disciplinary and/or Criminal Action to be instituted. | | | | |
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| 10.7 | The employee will be compelled to take out insurance on his/her motor vehicle and the employee will be held responsible for the cost involved in such monthly insurance. Should the employee cancel his insurance policy, or have it lapse, his/her participation in the scheme will be automatically ended. | | | | |
| 10.8 | The scheme shall be restricted to those posts categorized as essential user posts and to those employees who: | | | | |
|  |  | | | | |
|  | 10.8.1 | | | are permanently employed by Council; | |
|  |  | | |  | |
|  | 10.8.2 | | | in order to perform their official duties efficiently, need the continuous daily use/ regular use of a motor vehicle; | |
|  |  | | |  | |
|  | 10.8.3 | | | operate under circumstances where the regular use of an official council pool vehicle becomes impractical or uneconomical; | |
|  |  | | |  | |
|  | 10.8.4 | | | are required to drive a “functional” vehicle in terms of their normal official duties; | |
|  |  | | |  | |
|  | 10.8.5 | | | prior to application for the benefit of the Essential Vehicle Scheme, the applicant must monitor his/her kilometres travelled over a six- month period by completing log sheets and submit the application to the relevant **line manager.** | |
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| **11.** | **PROCEDURE FOR PARTICIPATION:** | | | | |
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| 11.1 | The **line manager** writes a motivation to the Steering Committee in order to have the post classified as an Essential User post – **The Steering Committee considers**: | | | | |
|  |  | | | | |
| 11.2 | After assessing the application in terms of this policy as well as availability of funds, the Steering Committee will recommend that the post be classified as an essential user post where after the **finance department** to confirm the availability of funds. | | | | |
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| 11.3 | The **Manager: Human Resources** will inform the applicant of the classification of the post and requests the incumbent to keep a log for a period of six months in order to establish whether the post fulfils the requirements for participation in the scheme. | | | | |
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| 11.4 | The **line manager** must ensure that a log sheet is completed weekly for all official trips travelled and that the sheets are checked and verified. | | | | |
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| 11.5 | Should the 6 (six) months period of keeping logs be interrupted by unforeseen/exceptional/unplanned absenteeism, excluding annual leave, the employee obtains formal approval in writing from the line manager to extend the 6 (six) month period equivalent to the period of absenteeism. | | | | |
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| 11.6 | On completion of the six months’ period, a formal application must be made to the relevant **Senior Manager** with all the relevant documentation attached to it. If the relevant **Senior Manager** recommends the application it will then be forwarded to the **Steering Committee** for final consideration / approval. | | | | |
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| 11.7 | In order to obtain the official monthly kilometres that should be allocated to the position, the total kilometres travelled during the 6 (six) months must be divided by 6 (six) and the result rounded off to the nearest 50 (fifty) kilometres. | | | | |
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| 11.8 | If the calculations prove that the kilometres travelled per month do not comply inter alia with the minimum or maximum kilometre requirements for participation: | | | | |
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|  | 11.8.1 | | The position will not be included in the Scheme. | | |
|  | 11.8.2 | | The employee must be informed officially, in writing by the Senior Manager. | | |
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| 11.9 | After the Steering Committee approves the application as mentioned in paragraph 12.7 the employee concerned shall be remunerated the total transport allowance, as approved, from the first day of the month following the month of the approval. | | | | |
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| 11.10 | The Senior Manager or his/ her delegate, can verify, question and test the contents of any log sheet at any point in time while an employee is keeping logs. | | | | |
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| 11.11 | For calculation of actual kilometres travelled and for remuneration purposes, the employee will submit his/ her log sheet to his/ her line manager who will scrutinise the log sheet and approves it and submit it to the salary division of the Department Financial Services by the 18th of each month. Calculations will be done from the 16th of the previous month to the 18th of the next month. | | | | |
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| **12.** | **AVAILABILITY OF VEHICLE:** | | | | |
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| 12.1 | The employee must ensure that the vehicle as registered on the scheme is in a good running order and available for the purposes as set out in this policy. | | | | |
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| 12.2 | Alternatively, the affected employees’ transport allowances must be stopped until such vehicle is available/ provided. | | | | |
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| 12.3 | Employees must inform the municipality immediately if they do not have a vehicle available. | | | | |
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| 12.4 | In the event that it can be shown that the employee has received the transport allowance without having the requisite vehicle available the overpayment of the allowance for the identified non-qualifying period must be recovered from the employee’s salary. | | | | |
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| 12.5 | Affected staff members may also face disciplinary action relating to their noncompliance with this provision and where they continued to receive the allowance without complying with the above qualifying requirements. | | | | |
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| 12.6 | The municipality may terminate or vary the essential user transport allowance on the recommendation of the Steering Committee immediately should the employee not meet the required reporting standards. | | | | |
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| **13.** | **AD HOC ALLOWANCE:** | | | | |
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| 13.1 | Employees who do not receive a permanent travel allowances and in the absence of pool vehicles and who are requested by the departmental head to use their private motor vehicles for the municipality’s business on an ad hoc basis are eligible to be remunerated in terms of the travel and subsistence policy of the Central Karoo District Municipality. | | | | |
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| 13.2 | Claims in this regard must be approved in accordance with the travel and subsistence policy of the Central Karoo District Municipality. | | | | |
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| **14.** | **MONITORING AND REVIEW:** | | | | |
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| 14.1 | The **Steering Committee** must **quarterly review** the kilometres travelled to ensure that the essential user scheme is still the most economical option for service delivery. Heads of departments must ensure that records are kept up to date at all times. | | | | |
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| **15.** | **TERMINATION OF ESSENTIAL USER ALLOWANCE:** | | | | |
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| 15.1 | In cases of absence from duty the essential user allowance will stop except under the following circumstances: | | | | |
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|  | 15.1.1 | | When on 22 or less working day’s annual or sick leave; | | |
|  | 15.1.2 | | When on Council business; | | |
|  | 15.1.3 | | During the paid portion of maternity leave; and | | |
|  | 15.1.4 | | When absent from duty due to injury on duty. | | |
|  |  | |  | | |
| 15.2 | Essential user allowance can also be stopped with immediate effect, and in the following circumstances: | | | | |
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|  | 15.2.1 | | The Employer in terms of delegated authority reserves the right to withdraw an employee from the scheme, should any of the criteria under which the employee was allowed onto the scheme not be met; | | |
|  | 15.2.2 | | The completion of a personal log sheet(s) (on the prescribed form) for all kilometres travelled is not complied with; | | |
|  | 15.2.3 | | The conditions of employment/ job description of the employee changes in such a manner that participation in the scheme is not necessary anymore; | | |
|  | 15.2.4 | | Upon good cause shown by the Steering Committee; | | |
|  | 15.2.5 | | Upon conviction by a Disciplinary Tribunal and/or competant Criminal Court; and | | |
|  | 15.2.6 | | Any other reason as made provision for in this policy. | | |
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| **16.** | **GENERAL:** | | | | |
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| 16.1 | No employee is under obligation to participate in the essential user scheme and where an employee chose not to participate, the employer must provide the employee with transport to perform his/her duties. | | | | |
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| 16.2 | Employee’s participating in the scheme is responsible to meet the maintenance and repair cost of the vehicle. | | | | |
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| 16.3 | No employee can claim participation to this essential user scheme as a right. | | | | |
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| 16.4 | If an employee who participates in the scheme, is promoted or appointed to a post where the essential users scheme is not applicable, participation to the scheme will stop with immediate effect. | | | | |
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| 16.5 | If the nature of an employee’s duties changes to such an extent that participation to the scheme can no longer be justified, the employer have the right to serve notice to terminate the employees participation to the scheme. | | | | |
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| 16.6 | Employees partaking in the essential user scheme will not be entitled to official parking facilities by reason of their participation in this essential user scheme. | | | | |
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| 16.7 | Should an employee in exceptional cases travel more than the allocated kilometres per month, the Steering Committee can consider granting approval for payment of the additional kilometres travelled, on condition that the employee apply in writing and submit full written motivation to the relevant Senior Manager for recommendation. | | | | |
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| **17.** | **IMPLEMENTATION:** | | | | |
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| 17.1 | This policy will be implemented and effective once approved by Council. | | | | |
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| **18.** | **POLICY REVIEW:** | | | | |
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| 18.1 | This poliy will be reviewed annually and revised as necessary. | | | | |
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| **19.** | **ROLES AND RESPONSIBILITIES:** | | | | |
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| 19.1 | The Municipal Manager or his/her delegate assignee accepts overall responsibility for the implementation and monitoring of the policy. | | | | |
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| **20.** | **PENALTIES:** | | | | |
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| 20.1 | Non-compliance to any of the stipulations contained in this policy will be regarded as misconduct, which will be dealt with in terms of the Disciplinary Code. | | | | |