



ESSENTIAL USERS SCHEME

Date Approved: **09/06/2023**

Council Resolution **DC E9/06/2023**

CONTENTS

1. Introduction.....	3
2. Legal Framework	3
3. Purpose of this Policy	3
4. Scope of this Policy.....	3
5. Policy	3
6. Processes	9
7. Policy Review	9
8. References	9
9. Acknowledgement & Approval.....	9
10. Annexures	9

1. INTRODUCTION

The Essential Motor Allowance Scheme is a car allowance paid to employees whose job requires them to use their private vehicles for work on a daily and continuous basis. The allowance is paid in monthly instalments. In addition to the allowance, reimbursement is made for necessary business kilometres travelled.

2. LEGAL FRAMEWORK

- 2.1 Labour Relations Act (Act 66 of 1995, as amended)
- 2.2 Income Tax Act
- 2.3 Basic Conditions of Employment Act (Act 75 of 1997, as amended)
- 2.4 Municipal Systems Act (Act 32 of 2000, as amended)
- 2.5 Municipal Finance Management Act (Act 56 of 2003, as amended)

3. PURPOSE OF THIS POLICY

The purpose of the Essential Motor Allowance Scheme is to provide for an operational allowance to be attached to a position where the execution of the functions and duties of such position necessitate the daily and continuous use of a vehicle and where the Municipality cannot provide an appropriate Municipality owned or leased vehicle; and for the payment of the allowance to the incumbent of a designated essential user position where the individual employees, in terms of the provisions of this system and procedure, provide and use their private vehicles for the execution of the duties attached to such position.

4. SCOPE OF THIS POLICY

This policy will apply to positions on T-grades 13 and lower where the execution of the functions and duties of such position necessitate the daily and continuous use of a vehicle.

5. POLICY

5.1 Application

- 5.1.1 The transport allowance scheme shall apply within the area of jurisdiction of the Industrial Council for Local Authority Undertaking of the Province of the Cape of Good Hope (the "Industrial Council") to employees (excluding Chief Executive Officers) and employer members of the CPLAEO.
- 5.1.2 The scheme shall provide for participation by employees who are permanently employed by the local authority and who at the discretion of the local authority, as further determined herein, need private

transport in carrying out of official duties. Admission to and participation in the scheme shall therefore be determined on the basis of the need for transport for official purposes.

- 5.1.3 That 3 months maternity leave be excluded from the 12 month annual average allowance calculation for female employees on the Essential Users Scheme, who were on maternity leave.
- 5.1.4 That maximum 3 months absence from work, be excluded from the 12 month annual average allowance calculation for any other employees on the Essential Users Scheme, who were on long term absence.

5.2 Implementation and exemption

- 5.2.1 This transport allowance scheme for essential users shall come into force from the beginning of the second month that follows the date of acceptance of the scheme provided that motivated applications for exemption may be submitted in writing to the Industrial Council, and if these are approved, the application of the scheme shall, in accordance with Industrial Council resolution, be suitably amended in respect of the successful applicant.
- 5.2.2 Where a local authority at present applies an essential user scheme that is more advantageous to the employees than this scheme, the employees shall retain the former scheme as contractual to incumbent as long as they are employed by the Council or may exercise a single option to accept the new scheme. All new appointments must, however, be appointed on the conditions of this scheme. If a local authority wants to apply its existing (better) scheme to its new appointments as well, it must apply to the Industrial Council for exemption.

5.3 Duration of transport allowance scheme

As confirmed by SALGA.

5.4 Vehicle Loan

No employee shall in any way be entitled to an internal loan from the local authority by which he is employed.

5.5 Basis of calculation

- 5.5.1 Remunerative transport allowances in terms of this scheme shall be calculated on the basis of a "standard vehicle". For the purposes of the scheme "standard vehicle" means a standard model 1400 cc four-door sedan and "standard vehicle price" means the average retail purchase price on 1 July of every year of the cheapest standard model 1400 cc and 1600 cc four-door sedan as determined by the Industrial Council. The standard vehicle price shall apply as basis of calculation from the beginning of July that follows on the above-mentioned date of price calculation to the end of the following June. This shall be a basis of calculation only and shall not imply any requirement to purchase a specific vehicle.
- 5.5.2 If an employer expects an employee to carry out duties that functionally require a vehicle that differs fundamentally from the defined standard vehicle, the definition of "standard vehicle price" shall, for the purposes of the calculation of the allowance in appropriate cases as identified beforehand by the employer, be amended by substituting "1600 cc for 1400 cc".
- 5.5.3 If an employer expects an employee to carry out duties that functionally require a vehicle that requires an engine capacity higher than 1600 cc, the employer must apply to the Industrial Council for exemption in terms of clause 5.2 for a deviation from the definition of standard vehicle and standard vehicle price.

5.6 Ad hoc transport allowance

- 5.6.1 When an employee has to use his own private transport on a casual or temporary basis and subject to availability, for the carrying out of official duties by express order of his departmental head or other employee with the delegated authority to order such use of private transport, he shall receive an ad hoc remunerative allowance.
- 5.6.2 The ad hoc transport allowance shall be calculated according to the distance recorded in the employee's log, subject to clause 5.6.3 hereafter, in respect of each journey that was ordered with

authorisation, multiplied by the sum, according to the AA tariff in cents per kilometre, of-

- (a) The average running costs for fuel and maintenance of the standard vehicle; and
- (b) The average fixed car costs in accordance with the standard vehicle price calculated on the 14 000 column, which fixed costs shall consist of the following elements: depreciation, interest, licensing and 50% of insurance; and if an employee must pay for parking, he shall submit proof of his expenses in respect of the carrying out of his duties together with his recovery claim and he shall receive the full proven amount.

5.6.3 Any change in the AA tables shall be implemented in the month following the publication of the new tables.

5.6.4 Any distances exceeding 1 166 kilometres per month shall be remunerated only at the amount referred to in paragraph (a) of clause 5.6.2.

5.7 Regular Transport Allowance

5.7.1 A regular transport allowance shall be allocated by the employer local authority when it expects an employee to on a continuous basis travel at least three hundred kilometres per month in the carrying out of official duties and if it does not supply official transport.

5.7.2 To qualify for a regular transport allowance, the employee must in the manner that his employer may reasonably require, for six consecutive months keep a log of official journeys travelled by private transport, at least including details of the date, reason, route and distance of and authorisation for each journey. Authorisation shall be expressly determined by Council beforehand. During these six months an ad hoc transport allowance shall be paid. At the end of the six months the log, the statistical monthly average kilometre distance and financial/economic information relevant to the consideration of a regular transport allowance shall be submitted to the Council of the local authority concerned for consideration of the allocation of a regular transport allowance.

- 5.7.3 After consideration of the details referred to in clause 5.7.2 above, the Council shall either grant or refuse a regular transport allowance. Should the regular transport allowance be refused, reasons therefor must be provided in writing. Should the regular transport allowance be granted, Council shall decide on the basis of the relevant information, including the employee's motivated preference, whether it will be in the form of a fixed transport allowance or a calculated transport allowance, and reasons for this shall be provided. The employee or employees' association shall have the right to appose the decision of Council through the normal channels of the Labour Relations Act.
- 5.7.4 A monthly fixed transport allowance shall be calculated at a fixed monthly kilometre distance as determined by Council in terms of the details provided under clause 5.7.2 above, multiplied by the sum of paragraphs (a) and (b) of clause 5.6.2, provided that the fixed monthly kilometre distance does not exceed 1 166 kilometres, subject to the provisions of clause 5.2 and 5.10.
- 5.7.5 A monthly calculated transport allowance shall be calculated at the actual distance travelled for official purposes by private transport and recorded in a log in the manner that the employer may reasonably require, multiplied by the sum of paragraphs (a) and (b) of clause 5.6.2, provided that any distance exceeding 1 166 kilometres per month shall be remunerated only at the amount referred to in paragraph (a) of clause 5.6.2.
- 5.7.6 A private appropriate vehicle must be made available daily by the employee for his use in the carrying out of his official duties.

5.8 Insurance

An employee must submit written proof of comprehensive insurance annually.

5.9 Defined area

- 5.9.1 Each local authority shall locally determine by agreement between the parties the boundaries of the area within which official journeys will ordinarily take place and within which the log of the six consecutive

months in terms of clause 5.7.2 must be kept. This area shall be known as the “defined area”. Each local authority shall have only one defined area. The regular allowance that is paid in terms of clause 5.7.4 and 5.7.5, shall only apply to official journeys within the defined area.

- 5.9.2 Claims for a remunerative transport-allowance for official journeys outside the defined area shall be calculated at the actual distance travelled for duly authorized official purposes by private transport and recorded in a log in the manner that the employer may reasonably require, multiplied only by paragraph (a) of clause 5.6.2 above.

5.10 Employee’s own costs

- 5.10.1 No employee who receives a transport allowance in terms of this scheme, shall in respect of his private vehicle receive any fuel, lubricants, tyres, parts or servicing or maintenance service at the cost of his employer local authority.
- 5.10.2 No employee who receives a monthly fixed transport allowance in terms of clause 5.7.4 of this scheme, shall without express authorisation use official transport for any journey within the defined area.

5.11 Revision of transport allowance

Any employer or employee in respect of whom this scheme applies, may require in writing that the log of the six consecutive months as referred to in clause 5.7.2, be retained for revision of an allocated transport allowance in the same manner as the initial consideration in terms of clause 5.7.3, provided that any revision shall always come into force on 1 July and that written notice must be given no later than 31 March. If circumstances change drastically, with the result that the monthly fixed transport allowance as referred to in clause 5.7.4 is no longer equitable, the allowance shall be recalculated in terms of clause 5.7. The date of implementation of the recalculation shall be the first month following on the date of recalculation.

5.12 Suspension

Any employer may give six months' written notice together with reasons therefor of his withdrawal from a transport allowance in respect of a specific employee, and any employee may give six months' written notice together with reasons therefor of the withdrawal of his private transport for official journeys.

6. PROCESSES

The employee shall complete the Essential Users Agreement and provide the following relevant information:

- Copy of valid driver's licence
- Copy of registration certificate
- Proof of insurance including insurance amount and value
- Other information requested by HR

7. POLICY REVIEW

When required.

8. REFERENCES

N/a

9. ACKNOWLEDGEMENT & APPROVAL

Council Resolution

10. ANNEXURES

Essential Users Agreement