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CAR ALLOWANCE POLICY

Signatories

The signatories hereof, confirm acceptance of the contents, recommendation, and adoption hereof.

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1. DEFINITIONS AND ACRONYMS

1.1 Statutory and Regulatory

This Procedure applies to the following meanings and interpretations:

#	TERM	DESCRIPTION
1.1	AA rate	Means the rand per kilometers travelled
1.2	Allowance bearing job or post	Means a job to which fixed or running car allowance is coupled and which qualifies for a vehicle allowance in terms of this policy
1.3	Benefit	means the monetary value of the remuneration that is calculated by the application of the scheme determined herein;
1.4	Car ownership cost	as reflected and maintained by the Automobile Association of South African the table for "Estimated average car ownership cost for the current fiscal year
1.5	Days	Indicate the number of working days in several of the participating Local Municipality.
1.6	Official Distance	means the distance in kilometers travelled by an employee in his /her employer's service, excluding between place of work and residence.
1.7	Officials Trips	means trips undertaken to execute the employee's duties of related obligations and any trips undertaken with the expressed and prior obtained permission of the Municipal Manager or his/her duly authorized representative;
1.8	Official Use	means the recorded distances covered during the execution of the official duties within the municipal boundaries
1.9	Private car	Refer to an employee who is not benefiting from car allowance but is requested to make use of own car for official duties
1.10	Total fixed cost	the tariff in cents per kilometers as determined on the purchase value of the vehicle: Provided that this value does not exceed the retail selling value of the vehicle as reflected in the "Auto Dealer Digest" plus value added Tax. Subject to the maximum restrictions in this policy.
1.11	Total running cost	means the tariff in cent per kilometer which is composed of the following: *Cost of fuel in relation to the vehicle's engine capacity or to a maximum as restricted in the policy. *Maintenance cost in relation to the vehicle's engine capacity.

1.2 ACRONYMS

#	TERM	DESCRIPTION
2.1	HOD	Head of Department
2.2	MM	Municipal Manager
2.3	PTH	Person to Hold
2.4	SALGBC	South African Local Government Bar Council
2.5	SOP	Standard Operating Procedures

2. POLICY STATEMENT

- 2.1 Thulamela Local Municipality is committed to making service delivery a priority. Delivering excellent services comes with various responsibilities where officials of the municipality are obliged to undertake authorized official trips travel to directly and indirectly provide services to the citizens of the municipality. In that regard, there are employees or officials within the municipality who are based on certain regulations allowed to use their own vehicles for official purposes.
- 2.2 As result Thulamela Local Municipality acknowledges that there is need to regulate the remuneration of employees for the use of their own vehicles during the execution of their duties as employees of the Municipality.

3. PREAMBLE

- 3.1 the Municipality has recognised the need to provide for reasonable recovery of traveling costs incurred by officials in pursuant of Municipality interest at places other than the official place of work
- 3.2 This policy will provide guidelines on car allowance arrangements for Municipal officials as it is envisaged that from time to time officials will be required to perform duties away from their normal place of work.

4. PURPOSE

- 4.1 The purpose of this policy is to regulate the application and participation in the granting and administration of car allowance when employees of Thulamela Local Municipality utilize their own vehicles during execution of their duties.

5. OBJECTIVES

The objectives of the policy are to provide for the following:

- 5.1 To provide uniform guidelines, condition and limitations in terms of how the car allowance policy is to be implemented.
- 5.2 To ensure sufficient flexibility to the policy in order to allow council to frame internal rules to provide for the unique circumstances.

- 5.3 The basis of compensation and policy benefits in respect of the 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.

6. SCOPE

- 6.1 Any employee of Thulamela 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
- 6.2 This policy provides for participation by all employees of this Municipality, who with the approval of the council utilize private car in the execution of official duties.

7. POLICY CONTENT

- 7.1 Post level 3 and 4 qualify automatically for a monthly car allowance without proof of distance travelled. No official Car will be provided to such incumbents.
- 7.2 This policy provides for participation by all other employees of this local Municipality with the recommendation by the Senior Manager of the relevant Department or Committee appointed by the municipal manager and approval by the Municipal Manager.
- 7.3 Admission to and participation in the policy are thus primarily determined by the utilization of private Car for official purposes, regarding those utilization of such Car which is permanent in nature.
- 7.4 An employee will be required to travel for a period of three (3) calendar months using a council supplied vehicle or own Car prior the application and the logbook should be kept and attached to the application before the final approval by the Municipal Manager.
- 7.5 The average kilometres should not be less than the minimum kilometres which is allocated to qualify employee.

8. CLASSIFICATION OF ALLOWANCES

MONTHLY FIXED ALLOWANCE

- 8.1 All Employees (excluding Municipal Manager and Managers reporting to the Municipal Manager in terms Section 56 of the Municipal Systems Act, No.32 of 2000 and Post level 3 (PTH) Managers), shall receive a monthly fixed car allowance of 30% of basic salary and such an allowance shall be an added benefit to the basic salary.
- 8.2 Post level 3 (PTH) Managers shall receive car allowance based on person to holder basis and the car allowance will increase on the same percentage as determined by the SALGBC Collective agreement on Salary and Wage Increase.
- 8.3 Where an employee is receiving more than 30% of the basic salary, the allowance will be locked until such time the car allowance is 30% of the basic salary.

9. QUALIFICATION CRITERIA FOR CAR ALLOWANCE

- 9.1 Only employees using their own transport to perform official duties and responsibilities qualify for a benefit in terms of this policy.
- 9.2 Incumbents who qualify automatically for monthly Car allowance, without proof of distance travelled or submission of log sheet:
 - 9.2.1 Municipal Manager and All Senior Managers that will be determined by the package.
 - 9.2.2 Incumbent on post level 3 and 4
- 9.3 For journeys outside the boundaries of Thulamela Municipality, the employee will be compensated in accordance with the prescribed Department of Transport rate Tariff for total running cost for the distance travelled.
- 9.4 It is thus a requirement for participation in the Car Allowance policy that suitable own Car must be available for the execution of official duties.
- 9.5 The payments of a fixed monthly Car allowance to the various incumbents are however subject to the following conditions:

9.5.1 That no official Car will be provided to such incumbents.

9.5.2 Residence to place of work trips does not form part of the official trips.

9.5.3 That all other requirements contained in this policy are complied with.

9.5.4 Vehicles purchased under Car Allowance must be suitable for the incumbents to perform his duties. The HOD and MM must give prior approval to the vehicle type.

10. RUNNING COSTS

EMPLOYEE WITHOUT CAR ALLOWANCE

10.1 When it is agreed with an employee to utilize private Car for the execution of official duties, such employee will be reimbursed in accordance with Clause 10.1.3 of the Subsistence and Travelling policy.

EMPLOYEE WITH CAR ALLOWANCE

10.2 The employees who qualify for policy participation due to the nature and the requirements to perform council duties utilizing their own private motor vehicle must submit a monthly Logbook (log sheet) to the office of the HOD approved by the Municipal Manager. Should they exceed their fixed monthly allocated kilometres their compensation shall be determined with Clause 10.1.3 of the Subsistence and Travelling policy

11. PAYMENT OF CAR ALLOWANCE DURING ABSENCE OF LEAVE

11.1 A motor vehicle allowance shall be paid to employees who are on authorized period of absence e.g. Vacation and maternity leave.

11.2 An employee shall not be paid car allowance for an unauthorized continuous period of absence from duty in excess of 25 working days. In the event the car allowance has been paid erroneously such allowance will be recovered in the following month.

11.3 An employee on authorised maternity leave shall be Paid Car Allowance at a normal rate.

11.4 Should an employee be transferred by the Municipal Manager to a post for which no travelling allowance has been authorized, the council shall pay such employee his \her monthly car allowance until the car is fully paid.

12. IMPLEMENTATION: ROLES AND RESPONSIBILITIES

12.1 Employee

12.1.1 The employee in the receipt of the car Allowance shall be responsible for the payments of his \her motor license fees in respect of his\her private car that he\she is required to execute official duties with.

12.1.2 It is the responsibility of an employee to submit a contract of sale when purchasing a car in an event of new application or replacement.

12.2 Divisional Managers

12.2.1 Managers are responsible for verifying that employees meet the eligibility requirements for the car allowance.

12.2.2 Ensuring that all new applicant necessary documentation is completed and submitted to senior manager for recommendations, then to Municipal Manager or his delegation for approval.

12.3 Municipal manager

12.3.1 The municipal manager or his delegation shall be responsible for the approval of the car allowance application form.

13. TERMINATION OF CAR ALLOWANCE

13.1 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.

13.2 The municipality will terminate the car allowance on termination of service by the employee.

14. LEGISLATIVE AND REGULATORY FRAMEWORK

14.1 Municipal Finance Management Act, 56 of 2003

14.2 Basic Conditions of Employment Act, 75 of 1997

14.3 Municipal Systems Act, 32 of 2000

14.4 Municipal Structure Act, 117 of 1998

14.5 Labour Relations Act, 66 of 1995

14.6 Employment Equity Act, 55 of 1998

14.7 RSA Constitution Act, 108 of 1996

14.8 SALGBC Salary & Wage Collective Agreement

14.9 Department of transport rates

15. STAKEHOLDER ENGAGEMENT (if applicable)

15.1 All the relevant stakeholders internal I will be consulted through the development and implementation of this policy

16. MONITORING AND EVALUATION

16.1 On a continuous basis this policy will be accessed to determine its relevance and effectiveness and to assess whether it has achieved the intended objectives.

17. CONCLUSION

17.1 In conclusion, the car allowance policy outlines critical matters raised in the purpose and the objectives. The provisions in the policy contents highlights the need for municipality to adhere to the key issues narrated which will address challenges encountered and lead to effective and efficient implementation of the policy.

17.2 Thulamela Local Municipality commits to make resources available, monitor and evaluate the effectiveness of the policy, thus encouraging all relevant stakeholders to familiarise themselves with the policy

18. REVISION DATE

18.1 This policy shall come into effect when it's approved by council and shall be review every 3 years or as and when the need arises.

19. ANNEXURES

19.1 Business Process maps

19.2 Standard Operating Procedures