

APPROVAL OF REVIEWED ESSENTIAL MOTOR ALLOWANCE SCHEME

POLICY PURPOSE OF REPORT

To present to Council the following policy for approval:

1. Essential Motor Allowance Scheme Policy

BACKGROUND

As determined during the recent Municipal Risk Management exercise, the adoption and regular review of policies has been identified as a risk. The identification of new policy and policy amendments and review has been brought about the outcome of certain disciplinary cases and legislative amendments.

To ensure that risks identified are mitigated and fully addressed also in order to avoid Auditor-General findings in the future. **The amended policy below has been taken through an Internal Policy Review with both SAMWU and IMATU on 4 March 2021:**

The abovementioned policy was distributed to all Directors, Managers, Unions, Portfolio Councilors and Councilors that serve on the LLF Committee on 18 February 2021 for discussion and input.

COUNCIL POLICY

Risk Management Policy. Risk Register

PERSONNEL IMPLICATIONS

None.

FINANCIAL IMPLICATIONS

Unknown.

OTHER ROLE-PLAYERS/UNIONS/MANAGERS

Accepted at a LLF meeting on Thursday, 23 March 2021.

MANAGEMENT RECOMMENDATION

That Council **approves** the following Reviewed Finance Policy:

1. **Essential Motor Allowance Scheme**
2. That change the fixed cost tariffs of the 1600 bakkle to the cheapest 1600 bakkie as suggested in the SALGA HR Working Committee.

**ESSENTIAL MOTOR ALLOWANCE
SCHEME**

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1. INTRODUCTION, DEFINITIONS, ACRONYMS AND ABBREVIATIONS

1.1 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.

1.2 Definitions

Term	Definition
Fixed capital costs	A vehicles fixed cost values (which are inclusive of VAT) and include the depreciation on the vehicle's value, comprehensive insurance and the licensing of the vehicle as defined in the AA tables.
Running costs	Vehicle maintenance costs regarding servicing, repairs, tyres and lubrication and fuel as defined in the AA tables and linked to the norm vehicle.
Ad Hoc Scheme	An allowance to pay an employee, other than an employees on the Essential Motor Allowance Scheme who is required to occasionally use his/her private motor transport in the performance of any specific duty.
Essential Motor Allowance	Essential Motor allowance means an operational allowance attached to a specific position ("designated essential user position") in accordance with the requirements and criteria provided in this system and procedure and guidelines and paid monthly to the incumbent of such position when the incumbent complies with criteria in the system and procedure for receiving the allowance. The allowance is linked to a designated essential user position and not to the employee or incumbent of such position. *
"Delegated Authority"	Means the person authorised to take decisions in accordance with the Municipality's System of Delegations as amended from time to time.

NB

Duties	The work, functions, tasks attached to a position via an approved job description.
* Designated essential user position	A position to which an essential user allowance may be attached.

Official kilometres	Kilometres travelled to execute duties attached to a position and exclude kilometres from home to normal place of work. Official kilometres include after-hour call-out trips where the employee has to travel from his home to a location where his services are required in which case payment is based calculated on the minimum distance between the employee's home and place of duty and back.
Usage	Means the permanent <u>daily continuous use</u> of a vehicle and/or the number of official kilometres travelled.
Leave	Means: (a) the annual leave and/or sick leave entitlement as per the SALGBC Main Collective Agreement; (b) for the purpose of clause 9.3, the annual leave and sick leave entitlement under (a) as well as approved absences on official business, maternity leave and suspension on full pay and (c) injury on duty leave; and family responsibility leave.
Norm Vehicle Price	The retail purchase price as on 1 July of each year as determined by the SALGBC of the following standard vehicles 1400cc or 1600cc LV or a 1600cc or 2000cc LDV, whichever is appropriate and approved by the relevant Municipality for work purposes on the AA tables which forms the basis for calculations of the essential
Normal Place of Work	Location where an employee ordinarily report for work each day.

1.3 Acronyms

Acronym	Definition
AA	Automobile Association of South Africa
LDV	Light Delivery Vehicle
LV	Light Vehicle 4-door Sedan or Hatchback
EUA	Essential User Allowance
EUP	Essential user position
EMAS	Essential Motor Allowance Scheme

2. PURPOSE AND SCOPE

2.1 The purpose of the Essential Motor Allowance Scheme (hereinafter referred to as "the EMAS") is to provide:

- 2.1.1 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
- 2.1.2. 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.

2.2. This system and procedure applies to:

- 2.2.1. Positions to which an essential user allowance is attached in accordance with this system and procedure and where the Municipality is unable to provide an appropriate alternative source of transport for the conducting of the duties attached to the position; and
- 2.2.2. Incumbents of positions to which an essential user allowance is attached and who provide their private vehicles for official use provided that such incumbents are permanent employees.

2.3. This system and procedure does not apply to:

- 2.3.1. Any position where the employees are required to drive a vehicle with Municipality identification and/or a special purpose vehicles.
- 2.3.2. Employees on fixed term contracts.
- 2.3.3. As a general rule employees working in the uniformed departments are issued with official vehicles.

3. REFERENCE DOCUMENTS

- 3.1 Labour Relations Act (Act 66 of 1995, as amended)
- 3.2 Income Tax Act
- 3.3 Basic Conditions of Employment Act (Act 75 of 1997, as amended)
- 3.4 Municipal Systems Act (Act 32 of 2000, as amended)
- 3.5 Municipal Finance Management Act (Act 56 of 2003, as amended)

4. PRINCIPLES

- 4.1. To provide a cost effective way to deal with transport needs for service delivery
- 4.2. A EUA is linked to a position and not a person.
- 4.3. A EUA is not a condition of service but an operational allowance attached to a specific position and payable to an employee providing and using his/her private vehicle for the execution of official duties.
- 4.4. A EUA shall not be recommended for the purpose (explicitly or otherwise) of providing additional income, a fringe benefit, perk or hand-out to employees
- 4.5. No employee in any position shall be entitled to claim a position to be designated a EUP or a EUA as a right.
- 4.6. A Municipality must require the availability of an appropriate essential norm vehicle for the position identified when filling such a position.

5. AUTHORITY FOR APPROVAL OF A DESIGNATED EUP AND EUA

- 5.1 Where the duties of a position require an employee to make use of transport to perform his/her official duties, the delegated authority may approve to attach a EUA to the position and pay an EUA to such employee for the use of his/her private vehicle, subject to the criteria and provisions of this system and procedure. The Employer in terms of delegated authority reserves the right to adjust, review withdraw or terminate the allowance should the criteria or conditions under which the EUA was approved not be met.
- 5.2 Once a position is approved as designated EUP by the delegated authority in terms of the provisions of this system and procedure, an EUA may be attached to such position and the incumbent may receive the EUA if the incumbent meets the applicable criteria and conditions as set out in this system and procedure.

6. MAIN PROVISIONS

6.1 CRITERIA FOR A DESIGNATED EUP

- 6.1.1 The duties attached to a position must require, on a permanent basis, the daily and continuous use of a vehicle for the execution of the duties attached to the position, in order to ensure a high level of service delivery.
- 6.1.2 There must be no appropriate dedicated Council owned vehicles (including pool vehicles) or leased vehicles available which can be used on a dedicated or shared basis for the purpose referred to in clause 6.1.1 or operational circumstances must render the use of an official pool vehicle impractical or uneconomical;
- 6.1.3 The duties attached to the position shall not require the use of a specialised or functional vehicle or a vehicle with a Municipality logo or markings or specific fittings on it;
- 6.1.4 There must be sufficient provision in the budget for payment of the EUA;
- 6.1.5 Utilising a private vehicle and payment of an EUA must be considered the most cost effective, efficient and economical way of providing transport to perform the duties attached to the position. In this regard the delegated authority should inter alia consider the following aspects:
 - 6.1.5.1 How is the department currently dealing with the transport need?
 - 6.1.5.2 Is there an existing Municipal vehicle in use?
 - 6.1.5.3 Is there replacement or an additional vehicle?
 - 6.1.5.4 Is a specialised or functional vehicle with specific fittings or a vehicle with the Municipality's logo and/or markings required?
- 6.1.6 The incumbent of the position must travel a minimum of 600 official kilometres per month, monitored over a period of 6 (six) months prior to application for or approval of a position as designated EUP:
 - 6.1.6.1 Where a previously designated EUP becomes vacant, the previous usage can be used for approval of an EUA subject to the review provisions in clause 7.2;
 - 6.1.6.2 Where the position is newly created, the usage must be established prior to approval of the position as a designated EUP;
 - 6.1.6.3 Periods of approved leave shall be discounted for the purpose of calculating the 6 month period referred to herein;
 - 6.1.6.4 Running costs only, will be paid for kilometres per month exceeding 1166 km in any given month;
- 6.1.7 Notwithstanding the provisions of clause 6.1.6, the **Municipality Manager** may, upon receipt of a written motivation from an Section 56 Manager, approve specific positions as exceptions to which a lower monthly kilometre requirement and pro rata lower allowance can be attached provided that the Municipal Manager may only consider such lower monthly kilometre requirement and associated lower EUA if the request meets the following conditions:
 - 6.1.7.1 The position requires the daily and continuous use of a vehicle but the geographical work area inhibits the incumbent to meet the 600 minimum official kilometre requirement on a monthly basis;
 - 6.1.7.2 Similar duties are done by various incumbents in defined geographical areas across the Municipality (i.e. health inspectors, building inspectors);
 - 6.1.7.3 The position is part of a group of positions of the same designation and grade to which an essential user allowance is attached;
 - 6.1.7.4 The incumbent, although responsible for a defined (unique) operational area, could rotate to positions in other areas to which an essential user allowance is attached and vice versa;



↓
The same as for
normal usage
above

6.1.7.5 The deviation from the standard 600 official kilometre requirement should not be more than 50% less than the standard requirement i.e. not less than 300 kilometres.

6.2. VEHICLE AND OTHER CRITERIA FOR RECEIPT / PAYMENT OF EUA

- 6.2.1 A vehicle used in terms of the provisions of this system and procedure shall be required, by the employee's Section 56 Head of Department, to be suited to the duties and functions generally attached to the employee's position, e.g. if the duties and functions attached to the position require the use of an LDV, the employee cannot purchase a sedan.
- 6.2.2 The employee acknowledges that a municipal vehicle will not be at his disposal and that his own vehicle will be available for official duties during working hours.
- 6.2.3 If a vehicle, in respect of which a EUA is paid, is unavailable for use, it shall be the employee's responsibility to provide a suitable replacement vehicle, at the employee's own cost, failure which will result in the allowance being ceased for the period that the employee's vehicle is unavailable.
- 6.2.4 Employees receiving an EUA shall be required to meet the maintenance/repair costs of their vehicles.
- 6.2.5 Employees whose positions do not qualify for an EUA but are required to use their vehicles for official Council purposes will be paid an ad hoc allowance. } 7
- 6.2.6 Private vehicles, including vehicles of employees receiving an EUA, shall not be serviced or repaired in a municipal workshop and employees of a municipal workshop shall not work on such vehicles.
- 6.2.7 Employees receiving an EUA will not be entitled to official parking facilities by reason of their participation in this scheme.
- 6.2.8 Employees receiving an EUA must ensure that accessories that would normally have been installed in the vehicle by the Municipality, e.g. a two way radio and antenna, are installed at the cost of the Municipality and must be barcoded in accordance with the Asset Management policy of the Municipality, where applicable. Accessories must be removed once the EUA has been terminated and must be returned to the Municipality.
- 6.2.9 The employer may install a tracking device for purposes of monitoring employees' official kilometres. NB

7. PROCEDURE FOR APPROVAL OF AN EUP AND EUA

7.1 FIRST APPROVAL

- 7.1.1. Where a transportation need is identified in a department, a comprehensive motivation is to be drawn up by the Line Manager to get the position designated as an EUP using the principles and criteria as contained in this system and procedure. This motivation is to be submitted to the delegated authority. All the relevant documents are to be submitted with the motivation (i.e. prescribed form, log sheets, budget provision, recommendation and a statement by the Line Manager that all the provisions contained in the system and procedure have been met).
- 7.1.2. If proof of compliance with the provisions of clause 6.1.6 (minimum of 600 official kilometre travel per month) is not available, the following procedure must be followed:
- 7.1.2.1. The delegated authority must approve the request as per clause 7.1.1 in principle where after the incumbent will be requested by the Line Manager to keep and submit log sheets of official trips for a period of 6 months in order to assess whether the employee fulfils this requirement. The employee

may utilise a Council owned or Council leased vehicle during this period in the event that the employee does not yet own a vehicle.

- 7.1.2.2. Accurate log sheets are to be kept of official distances travelled, on a format prescribed by the Municipality and the log sheets as well as reports to be checked and verified by the Line Manager on a monthly basis.
- 7.1.2.3. During these 6 months the incumbent will be paid an ad-hoc allowance in terms of the ad hoc allowance system and procedure based on the official distances travelled and reflected in the approved log sheets. It is the responsibility of the Line Manager to request the payment of the Ad hoc Allowance.
- 7.1.2.4. Upon completion of the 6 months and if the incumbent complies with this requirement as well as all the other requirements in the system and procedure, the Line Manager must re-submit the motivation to the delegated authority.
- 7.1.3. The motivation submitted or re-submitted (as the case may be) by the Line Manager will be assessed by the delegated authority to ensure that the criteria contained in this system and procedure are met, including the availability of funds on the budget. If considered favourably, the delegated authority will approve as such, and the position will then be classified as an EUP.
- 7.1.4. Once formally approved, the delegated authority is to advise the Payroll and Personnel Administration department accordingly who will then implement the EUA after checking the application for correctness against the system and procedure. Implementation to follow the first of the month following approval.
- 7.1.5. Advertisements for filling of positions may include reference to EUP and EUA as a requirement attached to the position provided that any review process in terms of clause.

7.2 RENEWAL OF EXISTING EUP AND/OR EUA

- 7.2.1 Essential User allowances shall be formally reviewed in terms of the general provisions and criteria in this system and procedure when a position becomes vacant or at the end of the four year cycle period as determined by the Municipality.
- 7.2.2 The Line Manager shall review the original motivation for the allowance and, if still required, shall submit a motivated request for renewal to the delegated authority for approval. This shall include supporting motivation, including the kilometre and continuous usage report.
- 7.2.3 Line Managers shall submit motivations for renewal of EUA two months in advance of the expiry date of the four year cycle period, to ensure that the renewal process allows for seamless service delivery.
- 7.2.4 In instances where an EUA has been withdrawn, such applications shall be treated as new requests, requiring a six month monitoring period prior to the approval of the allowance, to ensure that the usage are indeed within the scope of the system and procedure.

8. CONDITIONS AND REQUIREMENTS FOR MONITORING AND MAINTAINING OF AN EUA

- 8.1. Allowances are all allocated on the basis of a four year cycle (clause 11.1.4) subject to continuously meeting the requirements for receiving such allowance.
- 8.2. Vehicle usage shall be monitored to ensure that the employee continues to meet the required levels of usage in order to qualify for the allowance.
- 8.3. The calculation on usage shall discount any periods of approved paid leave – i.e. these shall be excluded from the calculating usage requirements.

There is no 11.1.4

X

- 8.4. Monitoring of vehicle usage will be conducted at 6 monthly intervals. Heads of Departments are therefore required to ensure that records, reflecting official trips and distances travelled of vehicles participating in the Scheme are in use and kept up to date at all times.
- 8.5. When calculating the average usage (as envisaged in clause 9.3), any period of approved leave must be discounted. The following formula will be applied to calculate the average over a six month period, less the leave. The total kilometre usage over six months to be multiplied by $[130 / (130 - \text{the number of approved days leave})] / 6$ for employees on a five day work week. This is based on there being on average 130 working days over a six month period. In the case of employees working a six day week, this figure shall be 156 days.
 $\{130 / 130 - \text{leave days}\} \times \{\text{total amount of km travelled during six month period} / 6\}$
- 8.6. The average monthly vehicle usage of employees participating in the scheme shall at any point in time be ascertained by dividing the total number of kilometres travelled during the preceding six months by 6 (six) in order to arrive at the average travelled per month ("the average monthly usage"). Any deviation can be investigated and the employer may, depending on the outcome of such investigation, be entitled to exercise the right conferred on it in terms of clause 9 below.
- 8.7. Monitoring shall include ensuring that no unnecessary trips are undertaken in order to achieve the necessary usage.

9. REDUCTION, WITHDRAWAL OR TERMINATION OF ALLOWANCE

- 9.1. To retain an EUA qualifying employees are required to meet all the requirements in the system and procedure on an on-going basis. Failure to meet any of these requirements could result in the allowance being partially or wholly withdrawn or terminated in terms of the procedure as provided for in this system and procedure.
- 9.2. There are various reasons for employees no longer meeting the criteria and requirements attached to the EUA. These include:
 - 9.2.1. Promotion to a position which is not classified as a designated essential user position and where the functions attached to the position do not require the incumbent to utilise a vehicle on a daily or continuous basis;
 - 9.2.2. Temporary secondment to a project, position or function which does not require continuous and daily use of a vehicle;
 - 9.2.3. Long term chronic illness exceeding a month in length and injury on duty leave;
 - 9.2.4. Permanent change(s) to the nature of the employees' current position and or duties, which has resulted in a regular usage below the level required by the scheme;
 - 9.2.5. Employee failing to perform their regular duties as required by the position;
 - 9.2.6. Incorrect allocation of allowance where the usage may have been increased over a period to justify the allocation of the allowance. This shall apply to any allowance where an employee consistently fails to meet the minimum requirements of the Scheme following the approval of the allowance;
 - 9.2.7. Where an employee, notwithstanding the provisions of clause 8 above fails to meet the usage criteria for reason of a temporarily nature (for example reduction of work as result of economic factors),
- 9.3. In each of the above cases, the following procedure shall be followed:
 - 9.3.1. Employees who are transferred, move laterally to a new position or promoted to a higher position, shall be made aware prior to accepting the appointment that their Essential User Allowance shall cease within a period of six months following the appointment or at the end of their four year cycle, whichever is soonest. The notice period shall run from the date of the appointment and shall be provided in writing to the employee.
 - 9.3.2. Employees who are temporarily seconded to a project, position or function which does not require usage of a vehicle shall retain their current allowance as a

secondment allowance until expiry of the four year cycle, should this occur while they are still in their seconded position. Such employees will only be considered for a new essential user allowance on returning to their original position.

9.3.3. In cases of long term incapacitating illness and injury on duty leave, each case shall be considered on its merits and Human Resources shall make recommendations to the delegated authority on whether the allowance will be retained or withdrawn. However, in instances where the four year cycle expires, the allowance shall not be considered for renewal until the employee is fit to return to their normal functions

9.3.4. In cases of a permanent change to the functions or geographic area related to a position, the employee shall be given six months written notice that the allowance shall be withdrawn or expire at the end of the four year cycle, whichever is soonest.

9.3.5. In cases of a drop in usage which arises out of an employee failing to perform their duties (i.e. not linked to a permanent change in the function) the manager shall consider whether action should be taken in relation to poor performance. The allowance shall be withdrawn with immediate effect.

9.3.6. In cases where an employee does not meet the usage criteria in any one month, the manager shall consider the reason for this and if it is for a reason of temporarily nature, the manager shall recommend and the delegated authority shall consider and approve one of the following actions:

9.3.6.1. The employee shall receive a reduced allowance for those months during which the employee does not qualify for the allowance. The reduced allowance shall be calculated on a pro rata basis on the difference between the required minimum of 600 kilometres or as determined by the Municipality as per clause 6.1.7.5 and the actual usage; or

9.3.6.2. The withdrawal of the allowance subject to a six month notice period or the cancellation of the allowance on conclusion of the four year period of funding, whichever period is sooner.

9.4. Employees whose allowance is withdrawn may be considered for inclusion on the Scheme at a later date when the qualifying and usage criteria are once again met. Such application shall not be dealt with as a renewal, but as a new application.

9.5. Employees must submit a claim for usage, irrespective of whether they are using their normal vehicle or whether they are using a replacement vehicle for when their normal vehicle is in for repairs. Failure to provide an alternative vehicle shall be considered a serious breach of system and procedure as will failure to submit monthly usage records. Either failure could result in the withdrawal of the allowance.

10. RECLAIMING OF FUNDS

10.1 The Municipality shall reclaim funds from employees' remuneration where the investigation has shown the allowance to be wrongfully allocated. The relevant Section 56 Manager shall be accountable for ensuring the reclaiming of funds where required.

10.2. Where usage has dropped due to other factors, the Municipality shall terminate the allowance as described above, but shall not reclaim from the employee.

11. CALCULATION AND PAYMENT OF EUA

11.1 Fixed (capital) costs

11.1.1 Participating employees shall be eligible for fixed capital costs that are equivalent to 100% of the monthly AA tariff for fixed costs, based on the retail purchase price on 1 July of each year of the norm vehicles as defined, listed on the AA tables, rounded off to the nearest AA column amount.

11.1.2 The fixed costs will only be paid to a maximum of 1166 km per month. Running cost only will be paid for kilometres per month exceeding 1166km as per clause

11.1.3 The allowance payable in respect of fixed capital costs shall incorporate the

following elements-

- 11.1.3.1 annual insurance relating to the norm vehicle concerned,
- 11.1.3.2 interest, and
- 11.1.3.3 depreciation

11.2 Running Costs

11.2.1 Participating employees shall also be eligible for running costs which are payable in accordance with the AA tariffs with regard to, fuel and maintenance for the respective norm c c engine size for actual official kilometres travelled.

11.2.2 Incumbents of EUP's are subjected to the same calculation criteria irrespective of position or level, subject only to the respective norm vehicle.

12. ADJUSTMENTS TO ALLOWANCE

The elements comprising the fixed capital and running cost allowance will be adjusted once per annum on 1 July by the Western Cape Division of the SALGBC.

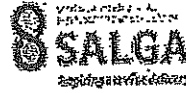
13. ROLES & RESPONSIBILITIES

13.1 Human Resources will advise line managers on system and procedure and procedure interpretation.

13.2 Line Managers will be responsible for undertaking the monthly monitoring. Line Managers shall also be responsible for investigating reasons for non-compliance, withdrawal of allowances where indicated and reclaiming any funds.

13.3 Section 56 Managers shall be accountable for the overall implementation of the Essential User Scheme within their Directorates and shall ensure that their managers manage the scheme within the parameters of the system and procedure

NB



CAPACITY BUILDING AND INSTITUTIONAL RESILIENCE WORKING
GROUP: 13 NOVEMBER 2020
DIRECTORATE: MUNICIPAL INSTITUTIONAL DEVELOPMENT
SALGA WESTERN CAPE
ITEM NO:

SALGBC ESSENTIAL USER VEHICLE SCHEME TARIFFS

1. STRATEGIC GOAL 2

Good Governance and Resilient Municipal Institutions.

2. PURPOSE OF THE REPORT

The purpose of the report is to report to the Working Group regarding the current challenge with the SALGBC Essential User Vehicle Scheme Tariffs and to seek the approval of the Working Group to resolve the matter.

3. DISCUSSION

The SALGBC administers and determines the kilometre tariffs for the SALGBC Essential User Vehicle Scheme. The tariffs are adjusted on 1 July of each year.

The Scheme determines as follows:

- "Definitions of Standard Vehicle Price means the average retail purchase price on 1 July of every year of the cheapest standard model 1400 cc and 1600cc four door sedan as determined by the SALGBC.
- Clause 17.4.2: 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 and 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 1600cc for 1400cc.
- 17.4.3 If an employer expects an employee to carry out duties that functionally require a vehicle with an engine capacity higher than 1600cc, the employer must apply to the SALGBC for the necessary exemption for a deviation from the definition of standard vehicle and standard vehicle price."

The Transport Allowance tariffs for 2019/2020 and 2020/2021 for the Scheme are attached hereto. The Scheme tariffs are based on a standard norm vehicle price (as per the definition above), cheapest 1600cc bakkie and cheapest 2000cc bakkie.

There is currently a challenge with the tariff for the 1600cc bakkie as the cheapest 1600cc bakkie on 1 July 2020 was less than the price of the cheapest bakkie when the tariffs for 2019/2020 were determined. Therefore, it was decided to keep the norm price for 2020/2021 the same as it was for 2019/2020, i.e. R192 800.

The new lowest norm vehicle price as from 1 July 2020 is R233 300, and for the cheapest 2000cc bakkie, R281 300.

This now creates an unfairness towards employees who due to operational requirements must use a 1600cc bakkie in the execution of their duties, and not the standard norm vehicle, because these employee will receive a fixed cost of R4.15 per kilometre rather than the R4.98 for the standard norm vehicle.

The HR Practitioners Forum meeting on 14 October 2020 discussed possible ways of addressing this unfairness and specifically that the second cheapest 1600cc bakkie should be used to determine the tariff for the 1600cc bakkie for 2020/2021.

The second cheapest 1600cc bakkie is a Nissan NP220 1.6 16V High, the price of which is R247 100. The fixed cost for the 1600cc bakkie will then be R5.26 per kilometre compared to the current R4.15 per kilometre. An employee who travels 1166km per month on official business will receive R1 294.26 per month more than the current 1600cc bakkie tariff, but R328.48 more than employees receiving the current standard norm vehicle tariff (R4.98). The fixed cost tariff is only payable up to 1 166 kilometres. An employee on the Scheme receives only running costs for kilometres more than 1 166.

The Working Group are, therefore, requested to consider the proposal by the HR Practitioners Forum that the second cheapest 1600cc bakkie be used to determine the fixed cost tariff for 2020/2021, i.e. R247 100.

4. **ENVISAGED IMPACT TO MUNICIPALITIES**
None
5. **STAKEHOLDERS CONSULTED**
Municipalities
6. **HUMAN RESOURCE IMPLICATIONS**
None
7. **LEGAL IMPLICATIONS**
None

8. **FINANCIAL IMPLICATIONS**

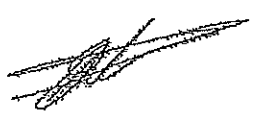
The difference between R5.26 and R4.15 per kilometre for employees who are on the Scheme and who must use a 1600cc bakkie in the execution of their duties.

9. **OTHER IMPLICATIONS**

None

10. **RECOMMENDATIONS**

That the Working Group approve that the fixed-cost tariff for the 1600cc bakkie in the SALGBC Essential User Vehicle Scheme for 2020/2021 be calculated on the second cheapest 1600cc bakkie.



JASPER VAN DER WESTHUIZEN
SENIOR ADVISOR: HR, LR and DISPUTE RESOLUTION