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POLICY

MATJHABENG MUNICIPALITY

**MOTOR VEHICLE
SCHEME**

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- 1.5.3.2 the EMPLOYEE's vehicle being written off as a total loss due to either accident or theft, at the date upon which any insurance claim is finalised by the insurance company;
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- 1.5.3.3 a physical disability, where the SUB-COMMITTEE is satisfied that an EMPLOYEE is no longer able to use his existing vehicle as a result of a physical disability that has arisen subsequent to the acquisition of the vehicle, but would be able to use an alternative vehicle;
- 1.5.3.4 the EMPLOYEE's vehicle being, in the opinion of his Municipal Manager and with the EMPLOYEE's concurrence, unsuitable for use in the performance of the duties of the EMPLOYEE's post, the SUB-COMMITTEE may authorise the replacement of such vehicle and the determination of a new CYCLE.
- 1.6 **"DUTY DISTANCE"** means the average monthly distance in kilometres travelled by an EMPLOYEE in the COUNCIL's service, excluding journeys in respect of which a travelling and/or subsistence allowance is paid, assessed in terms of Rule 3.2.1 and 3.2.2.
- 1.7 **"EMPLOYEE"** means any "employee" as defined in the Labour Relations Act of 1995 but excludes Section 57 appointments in terms of the Municipal Systems Act, and post level 1 – 3 employees (Fixed Car Allowance).
- 1.8 **"FINANCIAL INSTITUTION"** means an institution that is registered as a bank in terms of the Banks Act 1990 (Act No. 94 of 1990)
- 1.9 **"FIXED COSTS"** shall comprise of the following elements and will be according to the AA rates.
- 1.9.1 **Interest/Capital Element:** This element shall be based on the applicable repayment factor, determined by the COUNCIL and the FINANCIAL INSTITUTION as applied to the ALLOWANCE VALUE of the motor vehicle on the SCHEME;
- 1.9.2 **Insurance Element:** This element shall be determined by applying the rate applicable to the Zero Claim Free Group of an appropriate Group Comprehensive Insurance Scheme, as determined by the Council, to the lesser of the INSURANCE VALUE or the ALLOWANCE VALUE, of the motor vehicle.
The Insurance Element shall be revised whenever the rate or any of these values change;
- 1.9.3 **Licensing/Registration Element:**
Licensing: This amount shall be 1 / 12th of the average cost of licensing a motor vehicle with a tare of between 751kg and 1500kg as determined from time to time by the Minister of Transport, in terms of the Road Traffic Act No. 29 of 1989.

EMPLOYEE's SALARY at the date the CYCLE commences.

- 1.15 **"MOTOR VEHICLE ALLOWANCE"** means an allowance granted to an EMPLOYEE who has been authorised to utilise PRIVATE TRANSPORT on a REGULAR BASIS in the execution of his official duties.
- 1.16 **"OFFICIAL DISTANCE"** means the DUTY DISTANCE. The total monthly kilometres travelled shall be multiplied by 11, divided by 12 and the result rounded off to the nearest 50 kilometres in order to obtain the OFFICIAL DISTANCE relative to the EMPLOYEE.
- 1.17 **"PLACE OF WORK"** means the EMPLOYEE's normal work site or office - viz. where he/she normally commences work and not necessarily the Head Office of the Municipality.
- 1.18 **"PRIVATE TRANSPORT"** means the motor vehicle for which the FIXED COSTS and RUNNING COSTS are calculated and paid to the EMPLOYEE and/or the motor vehicle for which loan facilities have been granted.
- 1.19 **"PURCHASE PRICE"** means the actual amount paid for the motor vehicle, inclusive of any COMPULSORY MAINTENANCE CONTRACT, after the deduction of discounts, if any, but including APPROVED EXTRAS and taxes.
- 1.20 **"PURCHASE VALUE"** means:-
- 1.20.1 in the case of a new motor vehicle, the PURCHASE PRICE or the MAXIMUM ALLOWANCE VALUE at the date of purchase, whichever is the lesser;
- 1.20.2 in the case of a used motor vehicle, the average between the trade in value and the retail value, as published in the current GUIDE, plus taxes and APPROVED EXTRAS, provided that any motor vehicle not referred to in the appropriate GUIDE shall be subject to valuation by an appropriate authority as determined by the Municipality, or the MAXIMUM ALLOWANCE VALUE, whichever is the lesser.
- 1.21 **"REGULAR BASIS"** means, in relation to a MOTOR VEHICLE ALLOWANCE, a motor vehicle usage basis involving an average monthly DUTY DISTANCE of not less than 300 kilometres; provided further that where the Municipal Manager recommends to the SUB-COMMITTEE that a MOTOR VEHICLE ALLOWANCE be granted or retained in a case involving an average monthly DUTY DISTANCE of less than 300 kilometres, the SUB-COMMITTEE may, if it is of the opinion that the approval of such allowance is in the best interests of the COUNCIL, approve such an allowance.
- 1.22 **RUNNING COST RATE"** means the tariff in cents per kilometre as published in the AA TABLES, which includes the cost of fuel, tyres, repairs, servicing and lubrication.

The following two rates shall apply :-

2.3 The objectives of the SCHEME are to provide for the following:-

2.3.1 uniform guidelines, conditions and limitations in terms of which the SCHEME is to be implemented and run;

2.3.2 the basis for compensation and benefits for those EMPLOYEES who are eligible and participate in the SCHEME with prior agreement with the Municipality.

2.4 This scheme will be in operation until a new scheme is developed and approved by the Bargaining Council.

3. **SCHEME PARTICIPATION**

In respect of new entrants into the SCHEME, notwithstanding the DUTY DISTANCE travelled by an EMPLOYEE, the Municipal Manager reserves the right to allocate the usage of a Municipal vehicle to the EMPLOYEE concerned to conduct official Municipal business. Only in instances where the allocation of a Municipal vehicle is considered by the Municipal Manager to be inappropriate, unavailable or less cost effective than the allocation of a MOTOR VEHICLE ALLOWANCE, shall the EMPLOYEE be admitted to the SCHEME.

Other aspects which shall be considered are:-

- distance travelled,
- frequency of use,
- duration of trips,
- urgency of usage eg. requiring standby vehicle at all times,
- hours of duty.

Participation in the SCHEME is therefore determined and limited by cost advantages and economical considerations. It is the responsibility of the Municipalities to determine to what extent PRIVATE TRANSPORT is to be utilized for official purposes.

3.1 **MOTOR VEHICLE ALLOWANCE**

If the Municipal Manager agrees with an EMPLOYEE for him to utilise his PRIVATE TRANSPORT on a REGULAR BASIS in the execution of the official duties of his permanent post, a monthly MOTOR VEHICLE ALLOWANCE shall be granted.

3.2 **DETERMINATION OF DUTY DISTANCE**

Distances with regard to MOTOR VEHICLE ALLOWANCES shall be determined in the following manner:-

3.2.1 the DUTY DISTANCE shall be assessed on a group basis where possible or shall

attached, at the discretion of the Municipal Manager, be paid an Ad Hoc Motor Vehicle Allowance if he is required to use his private motor vehicle;

- 3.2.6 an EMPLOYEE in receipt of a MOTOR VEHICLE ALLOWANCE who is temporarily required to undertake duties which necessitate travelling distances in excess of the DUTY DISTANCE established for his current post, shall, subject to the approval of the Municipal Manager, be entitled, with effect from an agreed date, to be compensated for the extra duty kilometres travelled in accordance with the following formula:-

$$AA = RCR [TD - (DD \times 12/AW \times DW)]$$

where AA= the additional allowance;

TD= the total distance travelled in the COUNCIL's service during the authorised period (excluding home to work distance) as recorded on a monthly trip card and as approved by the Municipal Manager;

DD = the DUTY DISTANCE of his post;

AW = the annual number of working days (251 for a five day worker, and 302 for a six day worker);

DW = the number of days worked during the authorised period;

RCR= the RUNNING COST RATE.

It is a requirement that the participants in the SCHEME must have their subsidized PRIVATE TRANSPORT available on a daily basis for the execution of their official duties. The payment of a monthly transport allowance is however subject to the following conditions:

- No additional transport is provided to such incumbents.
- Residence to place of work journeys do not form part of the allowance and;
- That all other requirements contained in this SCHEME are complied with.

3.3 ADJUSTMENT AND REVISION OF TARIFFS ACCORDING TO AA TABLES

3.3.1 FIXED COSTS

The Municipality shall adjust and amend the elements of the FIXED COSTS component as follows:-

3.3.1.1 **Interest/Capital Element** shall be adjusted when the applicable repayment factor, determined by the COUNCIL and the FINANCIAL INSTITUTION, is amended;

3.3.1.2 **Insurance Element** shall be adjusted when the appropriate rate as established by the COUNCIL is amended;

business, any authorised continuous period of absence from duty exceeds 25 working days, RUNNING COSTS shall not be payable for the remainder of such absence i.e. after the 25th consecutive working day.

3.5.2 ABSENCE ON MATERNITY LEAVE

An EMPLOYEE on maternity leave shall be paid her FIXED COSTS component of the MOTOR VEHICLE ALLOWANCE for the whole of the period during which she receives pay from the Municipality.

3.6. SUSPENSION OF AN ALLOWANCE

- 3.6.1 Should an EMPLOYEE in receipt of a MOTOR VEHICLE ALLOWANCE be transferred at his own request to another post not bearing a MOTOR VEHICLE ALLOWANCE, no MOTOR VEHICLE ALLOWANCE shall be paid from the date of transfer.
- 3.6.2 Should an EMPLOYEE be transferred to a post for which no MOTOR VEHICLE ALLOWANCE has been authorised, the COUNCIL shall pay such EMPLOYEE the FIXED COSTS applicable to his motor vehicle over the remainder of the four year repayment period.
- 3.6.3 An EMPLOYEE's MOTOR VEHICLE ALLOWANCE may be withdrawn only as a result of non-compliance with the minimum average monthly DUTY DISTANCE applicable in terms of the definition of REGULAR BASIS, and such withdrawal shall be effective from the expiry of the four year repayment period.
- 3.6.4. Where an EMPLOYEE's PRIVATE TRANSPORT is temporarily out of commission, the EMPLOYEE shall provide alternative transport acceptable to the Municipal Manager after the 10th working day and for the remainder of the period that his PRIVATE TRANSPORT is out of commission in order to execute his official duties. Failure to provide such acceptable alternative transport shall result in the suspension of the RUNNING COSTS provided that if the motor vehicle has been out of commission for 25 consecutive working days, the Municipal Manager shall report the matter in full to the SUB-COMMITTEE within 10 working days thereafter for consideration of the action required.
- 3.6.5 In the event of a total loss insurance claim, the payment of the MOTOR VEHICLE ALLOWANCE shall be suspended with effect from the date of finalisation of the claim by the insurance company and where the EMPLOYEE has provided alternative transport acceptable to the Municipal Manager, he shall be paid at the applicable Ad Hoc Motor Vehicle allowance rate in respect of his OFFICIAL DISTANCE with effect from that date, provided that the payment of this amount shall not exceed a period of 90 calendar days.

The maximum repayment period for a VEHICLE LOAN shall not exceed 60 months.

6.3 LOAN FREQUENCY

~~A VEHICLE LOAN must be fully redeemed by the employee before a new VEHICLE LOAN is granted to an EMPLOYEE by a registered financial institution.~~

7. COMPREHENSIVE INSURANCE

- 7.1 An EMPLOYEE in receipt of a MOTOR VEHICLE ALLOWANCE shall, entirely at his own expense, take out comprehensive insurance in respect of the EMPLOYEE's PRIVATE TRANSPORT and any alternative acceptable transport that may be utilised in terms of rule 3.6.4.
- 7.2 Should the COUNCIL operate a Group Comprehensive Insurance Scheme, the EMPLOYEE may elect to insure his vehicle through the Scheme with premiums being deducted either monthly in advance or annually in November each year at the discretion of the EMPLOYEE.
- 7.3 If loss or damage occurs in respect of a motor vehicle for which a MOTOR VEHICLE ALLOWANCE has been approved, the EMPLOYEE shall bear the cost of any primary compulsory excess imposed by the insurer.

8. EMPLOYEE'S RESPONSIBILITY

- 8.1 The EMPLOYEE shall -
- 8.1.1 be responsible for the payment of his motor licence fees in respect of his PRIVATE TRANSPORT;
- 8.1.2 ensure that his PRIVATE TRANSPORT is provided with an efficient odometer (distance recorder). In the event of such odometer becoming out of order the EMPLOYEE shall have the odometer repaired within a period not exceeding 14 working days. If this requirement is not met, the circumstances shall be reported to the SUB-COMMITTEE FOR consideration of the action required.