
SEKHUKHUNE DISTRICT MUNICIPALITY

**REVIEWED POLICY ON SUBSIDIZED MOTOR VEHICLE SCHEME
MARCH 2015**

The Policy is being amended to:

- **Provide for the Municipal manager as Accounting Officer the authority to approve the excess kilometers after the official kilometers are exhausted monthly in respect of subsidized motor vehicle scheme;**
- **Introduce Log-books in order to regularize the use of subsidized motor vehicle;**
- **Introduce measures for the periodic inspection of the physical conditions of subsidized vehicles;**
- **Introduce upper limits on the engine capacity of motor-vehicles that could be bought by employees eligible for the motor-vehicle subsidy scheme;**
- **Introduction of upper limits on capital financing costs that could be given to eligible employees for motor-vehicle subsidy scheme.**
- **Provide for the withdrawal of a subsidized motor- vehicle in instances where there has been a mutation of an employee's job description such that the allowance is no longer warranted.**

BE IT APPROVED by the Council of Sekhukhune District Municipality, as follows:-

TABLE OF CONTENTS

CHAPTER 1

1.1 DEFINITIONS

1.2 OBJECTIVES

1.3 STATUTORY REQUIREMENTS

CHAPTER 2

2.1 Scope

CHAPTER 3

3.1 SUBSIDY SCHEME

CHAPTER 4

4.1 QUALIFYING CRITERIA

CHAPTER 5

5.1 POLICY

CHAPTER 6

6.1 TRANSITIONAL ARRANGEMENT

CHAPTER 7

7.1 APPROVAL OF THE POLICY

1. CHAPTER 1

1.1 DEFINITIONS

1.1.1 Assigned official kilometers means the number of official kilometers prescribed for a specific subsidized vehicle;

1.1.2 Subsidized motor transport or subsidized vehicle means motor transport which in terms of these instructions is to be utilized by an officer.

1.2 OBJECTIVES

1.2.1 To outline the Sekhukhune District Municipality (SDM)'s policy concerning subsidized motor vehicle scheme.

1.2.2 To provide rules governing subsidized motor vehicle scheme.

1.2.3 To ensure concession to qualifying officers to participation in the subsidized motor vehicle scheme that shall facilitate service delivery.

1.3 STATUTORY REQUIREMENTS

1.3.1 Municipal Systems Act, 2000.

1.3.2 Basic Conditions of Employment Act, No. 75 of 1997.

CHAPTER 2

1 SCOPE OF APPLICATION

2.1 The policy on subsidized motor vehicle scheme shall be applicable to all officials who need to travel regularly as part of their daily duties.

2.2 All officials whose duties necessitate the use of a motor vehicle and where the provision of a subsidized motor vehicle is in the interest of the Municipality, the decision to allocate a subsidized motor-vehicle is left in the hands of the Municipal Manager. All reasonable alternative means of transport are to be considered, taking into consideration the economic implications thereof.

CHAPTER 3

(Chapter 3 is amended by insertion of clause 3.1.3)

3.1 SUBSIDY SCHEME

3.1.1 The provision of the subsidized motor vehicle scheme to an officer is deemed as a work facility, which enables him/her to undertake essential approved official trips.

3.1.2 A subsidy motor-vehicle must not be seen as service benefit or construed as a right.

3.1.3 The Municipality reserves the right to withdraw the provision of a subsidy motor-vehicle allowance in instances where there has been a change in the circumstances that gave rise to the allocation of such an allowance i.e when an employee's job description mutates such that the performance of the job no longer warrants the use of a motor-vehicle.

CHAPTER 4

4.1 QUALIFYING CRITERIA

Section 4 amended by insertion of 4.1.1

4.1.1 Officials qualify for the allocation of motor vehicle subsidy, if they travel for job related purposes, a minimum of 21 000km per annum or 1 750km per month and not exceeding a maximum of 29 000km or 2 417km per month. **It is however, the prerogative of the Municipal Manager to approve excess official kilometers.**

4.1.2 The application for the motor vehicle subsidy should be made in the prescribed form.

4.1.3 Applicants should also attach a copy of a valid driver's license.

CHAPTER 5

5.1 UPPER LIMITS ON ENGINE CAPACITIES OF A SUBSIDY MOTOR-VEHICLE

5.1.1 All qualifying officials on salary levels 5 down to 14 are eligible for a subsidy vehicle with an engine displacement not exceeding 1.6 litres.

5.1.2 All qualifying officials on salary levels 4 and 3 are eligible for a subsidy vehicle with an engine displacement not exceeding 2.0 litres

5.1.3 All qualifying officials on salary levels 2 and 1 are eligible for a subsidy vehicle with an engine displacement not exceeding 3.0 litres.

5.1.4 The Municipal Manager may, on good cause shown, approve deviation from the prescribed upper limits for an employee whose nature of work necessitates the use of a vehicle with an engine displacement above the prescribed class.

5.1.4 In the event that a qualifying employee opts to purchase a vehicle with an engine displacement above what the policy prescribes, the Municipality shall reserve the right to pay the employee his reimbursable travel allowance using the rates applicable to the class of vehicle prescribed for such an employee in terms of the Policy.

5.2 UPPER LIMITS FOR FINANCED CAPITAL ON SUBSIDY MOTOR-VEHICLE

5.2.1 All qualifying officials on salary levels 5 down to 14 are eligible for a subsidy vehicle with capital financing displacement not exceeding R210 000.00.

5.2.2 In the event that a qualifying employee opts to purchase a vehicle with capital financing displacement above what the policy prescribes, the Municipality shall reserve the right to pay the employee his reimbursable subsidy allowance using capital financing cost as prescribed terms of the Policy.

5.2.3 Employees that are already on the system and are above the stipulated benefit of capital financing cost of R210 000.00, their allowance will remain fixed until such time that contract term for subsidised motor has lapsed. Then the capital financing as stipulated in the policy will apply.

5.2.4 The staff that is already on the system will submit car documentation and a register will be compiled to monitor those who exit the system.

5.2.5 The allowance will be retracted on employees who don't have cars. This will be done immediately and letters of termination will be given to the affected employees.

5.2.6 The capital financing is not applicable on employees who are on package. That is from level 4 to 1.

CHAPTER 6

6.1 POLICY

SUBSIDIZED MOTOR VEHICLE POLICY

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- a) An employee is obliged to maintain a reliable vehicle to be utilized for official journeys (when necessary).
 - b) An employee may purchase/lease a new or reliable pre-owned vehicle.
 - c) No time frames exist when a vehicle should be replaced.**
Subsection(c) should be substituted by subsection (cc) which should be read as follows that the time-frame for the duration of the subsidized vehicle should endure the period of the vehicle.
 - d) The employee must at all times have his or her vehicle (or a substitute) available for official journeys. **The Municipal manager shall from time to time allocate motorcar allowance to deserving employees based on the SDM's financial capacity.**
 - e) Subsidized vehicles will be presented to the Fleet Officer once in three months for inspection and any given time so required by the person duly assigned.**
 - f) For employees on total packages up to 25 percent of the package could be allocated for motor vehicle subsidy.
 - g) A head of department must decide whether an employee must utilize his or her vehicle or make use of the provisions for official journeys when transport is used for official purposes, taking into account practical implications, cost effectiveness and road conditions.
 - h) The Head of Department must recommend allocation of motor vehicle subsidy.
 - i) An employee must secure his or her own financing of loans; the municipality may confirm that an employee receives motor vehicle subsidy to financial institutions if requested to do so by an employee.
 - j) An employee must obtain and maintain comprehensive insurance on the vehicle, and is fully responsible for all running and maintenance costs and the cost of registration and licensing of the vehicle.
 - k) The employee must possess a valid drivers' license in order to be eligible for the motor vehicle subsidy.
 - l) If an employee utilizes his or her vehicle to travel for official purposes away from his or her usual place of work, the Municipality shall reimburse toll fees, and parking fees in excess

of R10 per month. An employee is responsible for parking fees levied at the place of work.

- m) Any journey between a member's home and usual place of work constitute a private journey.
- n) As far as possible, an employee is obliged to provide free transport to official passengers to the same destination on an official journey
- o) If an employee utilizes his or her private vehicle to carry out official duties, the Municipality will compensate an employee running costs according to the AA tariffs.
- p) The Executive Mayor shall have powers to approve, temporarily withdraw or cancel motorcar allowance.
- q) The attached SALGA's policy guidelines shall be utilized as a reference guide.

6.2 LOG SHEETS

Section. 6 is amended by insertion of clause 6. 2 which reads as follows;

6.2.1 It is necessary that all official trips be authorized. A travel plan shall be prepared pre-facto and then be approved by the responsible manager before an official trip is undertaken with a subsidized motor vehicle.

6.2.2 It is the responsibility of the responsible manager to verify the utilization of the vehicle and to ensure that all entries thereon are accurate and legible.

CHAPTER 7

7.1 TRANSITIONAL ARRANGEMENTS

7.1.1 All the rules governing the subsidized motor scheme followed prior to the approval of this Policy are presumed to have been done in terms of the requirements of this policy.

CHAPTER 8

8.1. APPROVAL OF THE POLICY

Approved by the Council on Day of2015..

CLLR MOGOBO DAVID MAGABE
EXECUTIVE MAYOR

DATE

COUNCILOR C. MATHEBE
SPEAKER

DATE