

## **ESSENTIAL USER CAR SCHEME POLICY**

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## **1. SCOPE OF APPLICATION**

1.1. This Policy shall be observed by Kouga Local Municipality and this Policy shall apply to all Employees of Kouga Municipality qualifying and/or applying for participation in the Essential User Car Scheme in accordance with the criteria set out below.

## **2. AIM OF SCHEME**

2.1. Employees may qualify for participation in the Essential User Scheme where the duties of such Employee necessitate the daily use of a vehicle, where Kouga Municipality does not provide an official vehicle for such duties and where the Employee per agreement provides a vehicle for the execution of the duties attached to the position of the Employee.

2.2. The Essential User Scheme is not linked to or reserved for any post designation or post level.

2.3 The Essential User Scheme does not have the intention of providing a fringe or service benefit to any Employee, but rather aims to compensate Employees for costs incurred in utilizing a private vehicle for the execution of duties attached to the position of the Employee.

## **3. CRITERIA FOR PARTICIPATION**

3.1. Employees shall only be considered for participation in the Essential User Scheme where Kouga Municipality does not provide an official vehicle for use by the Employee in the execution of duties attached to the position the Employee holds;

3.2. The position the Employee holds must require the regular use of a vehicle equal to not less than 600 kilometres per month, averaged over a six (6) month period;

3.2.1. Where an Employee travels less than 600 kilometres per month in the execution of the duties attached to the position the Employee holds, the Employee shall be compensated for costs incurred in traveling as per the provisions of the Subsistence and Travelling Policy of Kouga Municipality;

3.3. The department in which the Employee is employed must ensure that sufficient funds have been provided in the budget to cover the cost of the Essential User Scheme Allowance payable to the Employee;

3.3.1. Where insufficient funds have been provided in the budget, the Employee shall be reimbursed for costs incurred in traveling as per the provisions of the Subsistence and Travelling Policy of Kouga

3.3.2 Municipality until such time as budgetary provisions allows participation in the Scheme;

- 3.4. Continued participation in the Scheme shall require the constant and continued completion of vehicle log books by the Employee, with the necessary trip authorizations completed by the immediate supervisor of the Employee and verification by the Head of the relevant Department.
  - 3.4.1. Continued participation in the scheme shall require the monthly submission of vehicle log books at a date to be determined and specified by Kouga Municipality.
- 3.5. In considering applications for participation, the Head of the Department shall through the Office of the Director of the Department submit the following to the Municipal Manager for consideration:
  - 3.5.1. The authorized vehicle log sheets for a period not less than six (6) months in respect of the Employee in respect of which application is made for participation;
  - 3.5.2. A motivation for participation by the Employee detailing the following aspects:
    - 3.5.2.1. How is the department currently dealing with the transport needs attached to the position?
    - 3.5.2.2. Is there an existing Municipality vehicle in use or an alternative vehicle available for use?
    - 3.5.2.3. Is participation in the Essential User Scheme the most economic option?
    - 3.5.2.4. What are the job requirements of the incumbent and does it require a specific type of vehicle for official use?
    - 3.5.2.5. Does the duty of the Employee require the frequent transportation of heavy goods or machinery?
    - 3.5.2.6. Is the current vehicle of the Employee suitable for official use?

#### **4. WHICH EMPLOYEES QUALIFY FOR THE SCHEME**

- 4.1. Where an employee on a regular basis must make use of transport to perform his/her official duties, the Municipality may at its sole discretion approve an essential user transport allowance to such employee for the use of his/her private vehicle.
- 4.2. The Municipality also reserves the right to immediately withdraw an employee from the scheme, should any of the criteria under which the employee was allowed to participate in the scheme, not be met.
- 4.3. Participation in the scheme shall be restricted to those employees who:

- 4.3.1. Are permanently employed by the Municipality.
- 4.3.2. Need the continuous daily use of motor transport in order to perform their official duties efficiently.
- 4.3.3. Operate under circumstances where his/her regular use of an official Municipal pool vehicle becomes impractical or uneconomical.
- 4.3.4. Are not required to drive either a 'functional' vehicle with special fittings or with a municipal logo/marking as part of their normal official duties.
- 4.3.5. Travel a minimum of 600 km per month and a maximum of 1200 km per month on official duties.
- 4.3.6. Has a suitable vehicle available, registered in the name of the employee.

## **5. CALCULATION OF ALLOWANCE**

The allowance payable will consist of two elements:

### 5.1. Capital (Fixed) Costs:

- 5.1.1.1. Fixed cost based on the maximum vehicle capacity of a 2-litre engine at R 2,84 per kilometre based on 1200 kilometres travelled per month.
- 5.1.1.2. In cases of any absence from duty, the allowance will not be paid except under the following circumstances:
  - a) when the employee is absent on annual leave where the Employee shall be paid an amount calculated on the 1200 km norm;
  - b) when the employee is delegated on Municipality business;
  - c) when the employee is absent during the paid a portion of maternity leave where the Employee shall be paid an amount calculated on the 1200 km norm;
  - d) when an employee is suspended on full pay, the Employee shall be paid an amount calculated on the 1200 km norm.

### 5.2. Running costs:

- 5.2.1. Running costs is based on the monthly AA rates of a 2 Litre vehicle.
- 5.2.2. Note: All participants will be subjected to the same calculation criteria irrespective of post or level and travel claims outside the jurisdiction of Kouga Municipality shall be calculated on running costs only.

- 5.2.3. Running costs shall only be paid up to the 1200-kilometre limit and all claims for trips in excess of the 1200-kilometre limit must be substantiated through monthly authorized vehicle log sheets to be submitted at a date to be determined at the discretion of the Employer to qualify for payment of additional kilometres travelled.

## **6. ADJUSTMENT TO ALLOWANCE**

- 6.1. The segment comprising the subsidy will be reviewed annually (e.g. the interest rate segment will be adjusted when a change in said occurs) by the Municipal Manager on recommendation of the Human Resources Manager and such adjustment shall only occur on the 1<sup>st</sup> day of July each year if so required.
- 6.2. This review will however not amend or change the fixed cost allowance of users in any current cycle of 48 months.

## **7. HOME TO OFFICE TRIPS**

- 7.1. The Essential User Scheme allowance is only payable with regard to official kilometres travelled for the execution of official duties and shall not be paid for trips between the place of residence of the Employee and place of work.

## **8. AVAILABILITY OF VEHICLE**

- 8.1. Participation in the scheme contractually binds the participating employee to provide his/her own transport on a full-time basis in order to fulfil his/her duties as an official of the Municipality in accordance with the requirements of his/her post.
- 8.2. If a vehicle, in respect of which a transport allowance is paid, breaks down and as a result is unavailable for use, it shall be the employee's responsibility to provide a suitable replacement vehicle. If necessary, the employee will have to make available a temporary suitable vehicle for use at his/her own cost.
- 8.3. The employee shall at all times be responsible to inform the employer of any replacement vehicle provided and shall submit the following details relative to the replacement vehicle, type of vehicle, make, model and engine size.
- 8.4. The Employer may adjust the allowance payable where the employee on a prolonged basis makes use of a vehicle with an engine size smaller than what the allowance has been calculated on.

## **9. FURTHER CONDITIONS**

- 9.1. Subject to the provisions of paragraph 3 above, each department head shall indicate the post that qualifies for participation in the scheme. The number of kilometers that are requested shall be verified and a final decision shall be made by the authorized authority.

- 9.2. A vehicle purchase/used in terms of the scheme shall be required by the employee's Head of department, to be suited to the nature of the employee's post, e.g. if the job content requires the use of an LDV, the employee cannot purchase a sedan.
- 9.3. Monitoring of vehicle usage will be conducted at monthly intervals. Heads of departments are therefore, required to ensure that records reflecting official trips and distance travelled of vehicle participating in the scheme are always in use and kept up to date.
- 9.4. Employees participating in the scheme shall be required to meet the maintenance repair costs of their vehicles and keep the vehicles in a road worthy condition at all times.
- 9.5. No employee in any post shall be entitled to claim participation in the scheme as a right.
- 9.6. Where an employee chooses not to participate in the scheme, it shall be Municipality's responsibility to provide the employee with official Municipality transport for the performance of his/her duties, provided that agreement to participate in the scheme shall contractually bind the Employee to provide a vehicle for official purposes for at least six (6) months. The Employee is thus under obligation to give six (6) months' notice to Kouga Municipality if the Employee has the intention to withdraw from participating in the scheme.
- 9.7. If any employee participating in the scheme is promoted or appointed to a post which does not qualify for such benefits, a new contractual relationship is created, and the employee concerned will not be able to claim continuation of benefits.
- 9.8. Private vehicles including vehicles of subsidized employees shall not be permitted in the Municipal workshop, and no work shall be done on such vehicles.
- 9.9. Employees who participate in the scheme must comply with the following:
  - 9.9.1. A daily log be completed on the prescribed form.
  - 9.9.2. Claim must be submitted monthly on the first working day after the seventh of the month, on the prescribed form after certification by the supervisor.
- 9.10. Employees who do not qualify for Essential User participation but are required to use their vehicles for official Municipality purpose will be paid an ad hoc allowance as determined by the Municipal Manager or his nominee.

## **10. TERMINATION**

- 10.1 Kouga Municipality shall have the right to terminate participation in the Essential User Scheme in writing upon giving three (3) months' notice to the Employee;

- 10.2 The Employee shall be entitled to terminate participation in the scheme upon giving three (3) months written notice to Kouga Municipality;
- 10.3 Participation in the scheme shall automatically terminate on termination of service of the Employee for whatever reason;
- 10.4 Non-compliance with the provisions of this policy subject to disciplinary procedures may result in the immediate termination of participation of any Employee irrespective of other notice periods that may be reflected in this policy.

**11. DATE OF APPLICATION OF POLICY**

- 11.1. This policy shall come into effect from the first day of the month succeeding approval thereof by the Municipality of the Municipality.

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**C DU PLESSIS**  
**MUNICIPAL MANAGER**

30 October 2018

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**DATE**