

LEPELLE-NKUMPI LOCAL MUNICIPALITY



2026-2027

CAR ALLOWANCE POLICY

RESOLUTION NUMBER: _____

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1. PREAMBLE

This document details Lepelle-Nkumpi Municipality's policy and procedures regarding Car Allowance. The Policy applies to all categories of staff employed by Lepelle-Nkumpi Municipality as outlined below. Variations to the policy may be considered in special circumstances, but all variations require the prior approval of the Council.

2. PURPOSE

The aim of this policy is to regulate the granting of Car and Travel allowance to the employees of Lepelle-Nkumpi local municipality

3. OBJECTIVES

- 3.1 To regulate payment of travel allowances to LNM employees, who have to travel in the execution of official duties.
- 3.2 To establish uniform directives, procedures, conditions and limitations according to which the car and travel allowance can be paid
- 3.3 To establish procedures and conditions under which employees can use their private vehicles in the execution of the official duties.

4. LEGISLATIVE FRAMEWORK

- 4.1 Municipal Systems Act 32 of 2000
- 4.2 Municipal Structures Act 117 of 1998
- 4.3 Basic Conditions of Employment Act 75 of 1997
- 4.4 Labour Relations Act 66 of 1995,
- 4.5 Employment Equity Act 55 of 1995
- 4.6 Delegations of Power

5. DEFINITIONS

- 5.1 **“Car allowance”** fixed amount which is paid monthly to employees.
- 5.2 **“Running costs”** maintenance and fuel costs
- 5.3 **“Basic salary”** payments made to an employee excluding benefits
- 5.4 **“Private transport”** an employee's own transport requested for official duties

5.5 **“Contractual to holder” an individual owed a return on a contractual obligation. If all parties meet the terms of the contract, the contract holder receives the full benefits outlined in the contract”**

5.5 All terminology in this policy shall bear meaning as in applicable legislation

6. SCOPE OF APPLICATION

This policy shall apply to the following employees:

- 6.1 Municipal Manager
- 6.2 Executive Managers
- 6.3 Managers (Level 2)
- 6.4 All positions on Level 3
- 6.5 Other employees based on the nature of their duties

7. ALLOCATION OF CAR ALLOWANCE

7.1 The allocation of car and travel allowances to employees is mainly informed by the functions and duties that they perform. However, the following positions shall automatically qualify for the allowances:

- The Municipal Manager and Sec. 57 Managers
- Managers (Level 2)
- Post Level 3 officials

7.2 The Municipal Manager Section 57 Managers and contract employees have the latitude of structuring their motor vehicle allowance as a condition of their employment contracts.

7.3 An employee occupying a post other than those mentioned above must make an application in line with clause 7.3.

7.4 The application should further be approved by the Municipal Manager or his/her delegate.

7.5 Allocation of car and travel allowance to employees may be reviewed if the duties of that position change.

7.6 All employees allocated a car and travel allowance must have the vehicle on which a travel allowance is paid, available for the execution of official

duties at all times. Other official transport will not be made available to such incumbents.

- 7.7 Prior written permission must be obtained from supervisors for the use of a different vehicle, other than the one for which an allowance is paid for. Such written permission must be submitted together with the travel claim.
- 7.8 All heads of Departments must ensure that adequate budgetary provisions are made for all posts that qualify for an allowance during the budgetary process.
- 7.9 The employee concerned should initiate the application on the prescribed form for car allowances to their Head of Departments, which will be submitted to the Car Allowance Committee.
- 7.10 Benefits Committee be constituted of the following members which will recommend approval to the Municipal Manager:
 - I. Executive manager Corporate Services
 - II. Human Resource Manager
 - III. Risk Officer
 - IV. Legal Officer
 - V. Chief Financial Officer
 - VI. 1Union representative from IMATU and SAMWU (as observers)

8. PAYMENT OF AD HOC TRAVEL ALLOWANCES

- 8.1 Ad hoc allowances refer to allowances paid monthly to incumbents of posts not linked to the car and travel allowance scheme but that are remunerated in accordance with pre-determined distances.
- 8.2 This calculation basis also refers to employees not appointed in positions linked to the travel allowance scheme but who are required from time to time to undertake official ad-hoc trips with private transport.
- 8.4 The calculation and payment of ad-hoc travel allowance will be the same as the one applicable to other officials entitled to a car allowance.

9. TERMINATION OF CAR ALLOWANCE

- 9.1 If an employee, who is an incumbent of a position linked to the travel allowance, is transferred by the municipality to another position not linked to a travel allowance and such transfer was not requested by the employee, the municipality will give the employee six months written notice of its intention to withdraw the travel allowance.
- 9.2 During the six-month period the employee shall receive the full monthly car allowance as was applicable prior to the transfer. After the six-month period only a fixed travel allowance, as previously applicable, shall be payable based on applicable fixed costs until such time as the official's motor debt is paid-off, upon which the payment will be terminated. The employee has the responsibility of supplying the municipality with all documentation required for the execution of the payment.
- 9.3 Payment of the allowance will be terminated immediately if the employee decides to dispose off the vehicle for which car allowance was received.
- 9.4 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.
- 9.5 The municipality will terminate the car allowance on termination of service by the employee.

10. CONDITIONS FOR ALLOCATION OF CAR AND TRAVEL ALLOWANCE

- 10.1 All officials who travel for official purposes will be reimbursed for all the kilometers travelled excluding Municipal Satellite officers .
- 10.2 All claims for official trips must be supported by an Out of Office Form, which shall be submitted as travel claims are presented.
- 10.3 All official trips undertaken and nights slept out must be supported by the following:
 - 10.3.1 An Invitation or Agenda of the meeting/training schedule or Programme /Course content (in case of a workshop, seminar, training, etc.)
 - 10.3.2 Attendance Register / approved motivation in cases where an attendance register is not attached.
 - 10.3.3 An Out of Office/ Trip Authorization form must be attached for any official trip to be undertaken and must be approved prior to the undertaking of

Commented [MNM1]: Change to trip authorization form

any trip. To be also used in cases of as submission of official documents to other stakeholders, inspection of projects, consultations with other departments.

10.4 All claims shall be duly certified by the relevant departmental manager, before submission. The municipal manager will certify claims for the departmental managers.

11. PAYMENTS IN RESPECT OF A FIXED CAR ALLOWANCE

11.1 Payment refers to the fixed amount which is paid monthly to incumbents of posts level one, two and three and any other employee that has been allocated car allowance on clause 6 on the scope of application.

11.2 Payment of Car Allowance for Officials is based on (twenty – five percent) 25% of an employee’s monthly gross salary OR An employees whose of the basic Salary is less than R6000,00 shall be paid at a flat rate of R6000,00 as a car allowance.

11.2

LEVEL 5	R 8 000 ,00	
LEVEL 6	R 7 500,00	
LEVEL 7	R 7 000,00	
LEVEL 8	R 6 500,00	

11.3 Levels 2-4 that are above the determination as per the employers proposed changes to Car Allowance Policy will remain contractual to holder

12. ADJUSTMENT OF CAR ALLOWANCE

12.1 The car allowance shall be reviewed annually in line with budget approval processes taking into consideration cost of living arrangement and affordability and municipal fiscals.

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13. PAYMENT OF TRAVEL ALLOWANCE TARIFF

13.1 The travel allowance tariff will be based on the Department of Transport schedule of travel tariff.

13.2 The calculation for travel allowances is automatically adjusted and amended in accordance with the Department of Transport schedules published from time to time.

14 FINANCING

14.1 Employees are expected to arrange for the financing of private vehicles at a financial institution of their choice.

14.2 The municipality may negotiate with financial institution to grant preferential rates to employees, utilizing the services of such financial institution is however not compulsory.

15. CHOICE OF VEHICLE AND PURCHASE PRICE

15.1 The decision about the choice of a vehicle, which the employee prefers to use in the daily execution of work activities, rests with the employee, with the understanding that the type of vehicle shall comply with the purpose and requirements for the execution of the employee's official duties.

16 FORMALITIES, WHICH HAVE TO BE MET WHEN ALLOCATING CAR ALLOWANCE

16.1 The following documents must be submitted to HR division before an allowance can be paid:

- a) Certified copy driver's license.
- b) Certified copy of vehicle registration certificate.

17 EFFECTIVE DATE

This policy comes into effect on 1 July 2025.

18. IMPLEMENTATION OF THE POLICY

The implementation of this policy to all qualifying employees is subject to the approval of Council and availability of funds.

19 REVIEW, MONITORING AND AMENDMENTS OF THE POLICY

For purposes of expenditure monitoring, the finance division shall on a monthly basis submit an expenditure report to determine whether the municipality does sustain the policy.

The policy shall be reviewed and monitored as and when necessary.

Document Name: CAR AND TRAVEL ALLOWANCE POLICY

Recommended by:

_____ **Date:** _____
L D MAPHORU (ACTING MUNICIPAL MANAGER)

Approved by:

RESOLUTION NUMBER: _____

