

UMSOBOMVU MUNICIPALITY

ESSENTIAL USER SCHEME

1. SCOPE OF APPLICATION

This policy shall be observed by the Umsobomvu Municipality. It will apply to all applicants who qualify for participation in accordance with the criteria.

2. AIM OF SCHEME

The scheme is implemented for employees whose duties necessitate the daily and continuous use of a vehicle and where such employee provides a private vehicle.

The essential user car allowance must be seen as an operational allowance and not as a condition of service.

The scheme is exclusively directed at essential users and is not intended to provide additional income, a fringe benefit, perk or hand-out to employees, and it becomes a shared asset between the employee and Council.

3. CRITERIA

A position must require the daily use of a vehicle to ensure a high level of service delivery. The department of finance must ensure that sufficient funds have been budgeted for to pay for the allowance.

Transport arrangements and transport needs of the organization are to be considered along the following criteria:

- How is the department currently dealing with the transport need?
- Is there an existing council vehicle in use?
- Is there replacement or additional vehicle?
- Is participation in the Essential User Scheme the most economic option?

Entry level to comply with qualifying criteria.

4. WHICH EMPLOYEES QUALIFY FOR SCHEME

- 4.1 Where and employee must make use of transport to perform his/her official duties, the Employer may decide to offer a transport allowance to such employee for the use of his/her private vehicle. The Employer in terms of delegated authority also reserved the right to immediately withdraw an employee from the scheme or when any of the criteria under which the employee was allowed onto the scheme not be met.

4.2 the scheme makes provision for participation by employees who are not entitled to participate in the Motor Allowance Scheme but it shall be restricted to those employees who:

- 4.2.1 Are employed by Council
- 4.2.2 In order to perform their official duties efficiently, need the continuous daily use of motor transport.
- 4.2.3 Operate under circumstances where the regular use of an official Council pool vehicle becomes impractical or uneconomical.
- 4.2.4 Are not required to drive either a "functional" vehicle with special fittings or one with a Umsobomvu logo/markings as part of their normal official duties.
- 4.2.5 Travel a minimum of 300 km per month and limited to 600 km per month on official duties which have been monitored over a period of six months, prior to application unless the nature of the job requires traveling or if an employee is filling a position of an incumbent who qualified under the scheme and the job requirements are the same. This is to be interpreted as being a qualifying criterion and should not be regarded so as to prohibit the payment of running costs should it fall short of 300 km or exceed 600 km in any given month.

5. CALCULATION OF ALLOWANCE

The allowance payable will consist of two elements:

a) Capital (Fixed) Costs:

- Total vehicle operating costs i.e. fixed costs and running costs as per AA tariffs on monthly basis.
- Annual insurance relating to the vehicle concerned.
- Interest and
- Depreciation

The fixed allowance is determined according to the monthly AA rates fixed for a period of 1 year.

In cases of absence from duty the allowances will stop except under the following circumstances:

- a) when on 22 less consecutive working days' annual or sick leave (the allowance will only stop for the period which exceeds said number of days)
- b) when on Council Business
- c) during maternity leave
- d) when suspended in fully pay

b) **Running costs:**

In the Defined Area AA tariffs will be claimed from 0 km onwards for business traveling. Outside the defined area the Department of Transport tariffs will be claimed from 0 km onwards. The defined area refers to the Umsobomvu Municipality area. Payment will be with regard to fuel and maintenance up to 2,5 liter engine size.

c) **Norm Vehicle Price**

The capital subsidy will be based on the price of 1600 cc sedan vehicles and 2,5 cc LDV's diesel annually determined by the Municipal Manager for implementation of the 1st July.

6. **HOME-TO-OFFICE TRIPS**

Running costs are only paid with regard to official kilometers and no subsidy is payable with regard to kilometers traveled between home and place of work.

The only exception to this rule is in the event of the after-hours call-out where the employee has to travel from his/her home to a locations where his/her services are required or with regard to identified posts as determined by the Municipal Manager.

7. **AVAILABILITY OF VEHICLES**

Joining the scheme contractually binds the participating employee to provide his own transport in order to fulfill his duties as official of the Umsobomvu Municipality in accordance with the requirements of his post.

Such a participant in the scheme acknowledges that a municipal vehicle will not be at his disposal and that his own vehicle will be available for official duties at all times.

If a vehicle, in respect of which 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, employee will have to make available a temporary suitable vehicle for official use, at his/her own cost.

8. **FURTHER CONDITIONS**

8.1 Each department shall indicate those posts that qualify for participation in the scheme. The number of kilometers that are requested shall be verified and a final decision shall be made by the competent authority.

8.2 a vehicle purchased/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.

- 8.3 Monitoring of vehicle usage will be conducted at 6 months intervals. Heads of Departments are therefore required to ensure that records, reflecting official trips and distance traveled of vehicles participating in the Scheme are in use and kept costs of their vehicles.
- 8.4 Employees participating in the Scheme shall be required to meet the maintenance repair costs of their vehicles.
- 8.5 No employee in any post shall be entitled to claim participation in the scheme as a right.
- 8.6 No employee in any such post is under an obligation to participate in the Scheme except where an employee is already committed to the scheme. Where an employee chooses not to participate, it shall be Council's responsibility to provide the employee with Official Council transport for the performance of his/her duties.
- 8.7 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 a continuation of benefits "If the nature of the employee's duties has changed to such an extent that participation to the scheme is no longer justified in terms of the qualifying criteria, the employee concerned will likewise not be able to claim continuation of these benefits and the employer will have the right to serve notice to terminate the employee's participation to the scheme.
- 8.8 Private vehicles, including vehicles of subsidized employees, shall not be permitted in the municipal workshop shall and that personnel of the municipal workshops shall not work on such vehicles.
- 8.9 If any employee participating in the scheme is promoted to a post which does not qualify for the participation in the scheme, the current cycle as per contract in the previous post must be completed.
- 8.10 Employees who participate in the scheme must comply with the following:
- A log daily must be completed on the prescribed form.
 - Claims must be submitted monthly on or before the 15th of each month, on the prescribed form after certification by the supervisor.
 - The participant must ensure that such accessories that would normally have been installed in the vehicle by the Municipality, e. g. radio and antenna, are installed at the cost of the Municipality.
- 8.11 Employees part taking the scheme will not be entitled to official parking facilities by reason of their participation in this scheme but will be dealt with in accordance with Council's Parking criteria. The Senior Administrative Officer can be consulted with regard thereto.

- 8.12 Council will endeavour to arrange corporate finance with external financial institutions yet it is the responsibility of the individual qualifying employee.

9. PROCEDURE FOR PARTICIPATION

- 9.1 In the event of a transportation need be identified in a department, a comprehensive motivation is to be drawn up by the Line Manager to get the post classified as an Essential User post using the criteria as contained in this policy. This motivation is to be submitted to the relevant Head of Department.
- 9.2 the motivation from the Line Manager will be assessed by the relevant Head of Department to ensure that the criteria contained in this policy are met, including the availability of funds on the budget. If considered favorably, the Head of Department will approve as such, and the post will then be classified as an Essential User post after approval by the Council.
- 9.3 The department will then inform the Human Resources Department of the classification of the post as an essential user post and the individual applicant will be requested by the Line Manager to keep log sheets for a period of 6 months to evaluate whether the employee fulfills the criteria for participation in the scheme, with the view of submitting a formal application for participation. These log sheets are to be kept from office to place save for the exception in clause 7 of this policy.
- 9.4 Where applicable an Ad Hoc allowance will be paid for this 6 months period. During this period, accurate log sheets are to be kept of official distances traveled, the latter to be checked and verified by the Line Manager on a weekly basis. It is the responsibility of the Line Manager to inform the Personnel Office of the payment of said Ad Hoc allowance.
- 9.5 On completion of the 6 months period, formal application to the Head of Department is to be made. All the relevant documents are to be submitted with the application (i.e. formal applications form with Line Manager/Supervisor recommendations, log sheets).
- 9.6 The Head of Department will consider the application and if satisfied that all requirements are met will submit a report for approval by the Council.
- 9.7 Once formally approved, the Head of Department will accordingly ensure implementation through Corporate Services Department.

This scheme shall be subjected to any amendments made or agreement concluded or to be concluded at South African Local Government Bargaining Council Divisional or National level.

UMSOBOMVU MUNICIPALITY**ESSENTIAL USER SCHEME****DEFINITION**

An Essential User is an employee who requires a dedicated vehicle to enable him/her to perform or execute his/her official duties. This definition excludes those who require specialized vehicles to perform their functions, such as mobile clinic vehicles and other employees who are provided with vehicles by other institutions, such as Provincial Government etc.

PURPOSE OF THE SCHEME

To enable all employees who are qualified for the scheme in terms of the laid-out principles here below, to purchase a vehicle suitable for the performance of their official duties.

PRINCIPLES OF THE SCHEME

1. A six-monthly total number of official kilometers traveled must be submitted by an employee in order to determine the costs of the scheme.
2. The type of vehicle required for the execution of official duties shall be determined by the details of the terrain that an official travels in 90% of the time including details of the type of work that the vehicle is required for.
3. The above information in 2, shall determine the differentiation of the relevant type of vehicle required according to the job requirement e.g. high ground clearance capacity.
4. A formal logbook including a motivational report from the supervisor/senior via a head of department must be submitted for consideration of application to participate in the scheme.
5. The scheme shall apply for a consecutive period of three (3) years from the date of approval and consequent application thereof and thereafter shall be subject to a review.
6. An essential user shall furnish details as to the seller, the total amount of the cost of the vehicle and the deposit required.
7. An Essential User shall furnish details of the vehicle purchased including a copy of registration papers and comprehensive insurance cover and thereafter updates of renewal of the information thereof shall be furnished.
8. An Essential User shall qualify for a monthly allowance based on the figures and tariffs supplied by the Bargaining Council subject to increase or decrease reviews on a regular basis.

9. An Essential User is fully responsible to keep the vehicle in a good running order and be registered in his or her name.
10. Council shall not provide internal loans for the purchase of a vehicle on the Essential User Scheme.
11. An Essential User must get prior approval for all trips and will be expected to travel within budget limits.
12. Council may exercise its discretion to withdraw and/or suspend the subsidy in case where an employee is found to have abused the scheme after all procedural and substantive rules of natural justice have been followed or are adhered to.