

RESOLUTION OF THE COUNCIL OF POLOKWANE LOCAL MUNICIPALITY

DATE OF RESOLUTION: 30 MAY 2025

RESOLUTION NO: CR280/05/25

ITEM – 6.1.17

**REPORT ON THE TRAVEL ALLOWANCE POLICY FOR
MUNICIPAL EMPLOYEES**

RESOLVED THAT:

- (a) The report on the Draft Travel Allowance Policy be noted.
- (b) The New Travel Allowance Policy as per proposal from Management be approved.
- (c) The New Travel Allowance Policy be implemented with effect from 1 July 2025.



**CLLR K.W. MODIBA
COUNCIL SPEAKER**

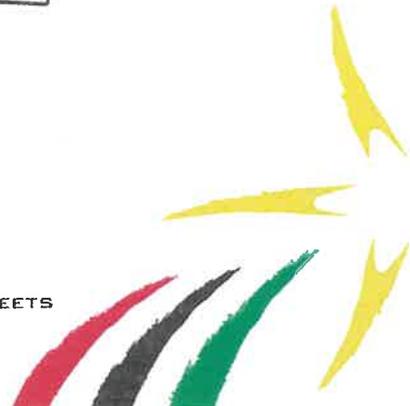
2025/05/30

DATE



OFFICE OF THE SPEAKER

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DIRECTORATE: CORPORATE AND SHARED SERVICES

TO : COUNCIL
DATE : 30 MAY 2025
FROM : MAYORAL COMMITTEE

RE : REPORT ON THE DRAFT TRAVEL ALLOWANCE POLICY FOR MUNICIPAL EMPLOYEES

1. PURPOSE OF THE REPORT

The purpose of the report is to present to Council the Draft Travelling Allowance Policy for adoption.

The Draft Policy served at the LLF Sub-Committee meeting on the 31st of July 2023 and was recommended to the LLF for further deliberations.

2. BACKGROUND AND DISCUSSION

On the 28th March 2018, the Municipal Council adopted a Travel allowance policy for implementation.

The purpose of the policy was to provide the payment of a transport allowance in respect of the utilisation of a privately owned vehicle in the execution of official duties, regardless of whether such utilisation is on fixed or on *ad hoc* basis.

3. PERIOD OF VALIDITY OF THE POLICY

The current Travel Allowance Policy was approved on the 28th March 2018 and was to remain valid for a period of five (5) years or until a new policy is approved, subsequent to its approval, officials had to keep log books which were only approved on the 10th of February 2020. The officials were fixed for a period of five years, in line with the approved policy.

4. PARTICIPATION

In terms of this Policy, All Managers were fixed on 900km per month whereas all Assistant Managers were fixed on 800km per month. Both Managers and Assistant Managers receive this allowance as a fringe benefit and they need not provide proof of travelling.

Employees from post level 4 who by agreement, use privately owned vehicle daily in the execution of official duties and in the process such employee travels more than 100km per month, a fixed monthly travel allowance has to be paid in accordance with the total distance travelled, provided that the maximum limits agreed upon and laid down by the Municipal Manager are not exceeded.

The post or position to which this fixed allowance is linked is known as a travel allowance linked post.

5. CHALLENGES WITH THE POLICY



There were several challenges faced in respect of the policy in its current form. Such challenges are summarised below:

- (a) It was discovered during verification period that certain employees would register a vehicle with Human Resources for purpose of claiming however during verification an employee would bring a different vehicle.
- (b) Employees no longer take leave because if they are on leave, the monthly travel allowance will be negatively affected.
- (c) Odometer reading did not correspond with the logbook submitted.
- (d) Budget and treasury also indicated that it becomes a nightmare to correctly budget for travel allowance.
- (e) Determination of allowance is based on the purchase price, engine capacity and Kilometres the employee travels in a calendar month.
- (f) Employees manipulate the system by travelling/claiming excessive kilometres during the period determined to be used for fixing purposes.
- (g) Employees on the same post level, i.e, post level 1, receive different amounts.

The above challenges were noted by both the Employer and even Organised Labour (SAMWU and IMATU).

In May 2021, the LLF took a resolution that Human Resources develop a Travelling Allowance Policy that will make use of percentage based on one's basic salary.

The matter was therefore referred to the LLF Sub-Committee for further deliberations. The LLF sub-committee ROBUSTLY deliberated on the Policy. This included benchmarking with other Municipalities and parties at that level agreed with the Policy principle on the 31 July 2023 and subsequently referred it to the LLF for further deliberations.

The LLF Sub-Committee Resolutions were as follows:

1. That the Committee approves the Policy Principles **however** parties **disagreed** on the (%) percentage.
2. The Acting CFO indicated that the 35% will result in a deficit as shown in the Calculations.
3. The employer offered 25% across the board.
4. IMATU proposed 40-45 %
5. SAMWU proposed at least 35%
6. The committee agreed that the Policy be referred to the LLF to determine the appropriate and affordable Percentage (%).

FURTHER ENGAGEMENT WITH THE LLF



The LLF had another sitting on 09-10 December 2024, to consult on the proposed policy and resolved that a further benchmarking exercise be embarked upon, where other municipalities' policies could be looked into before a determination on which one to go for could be made. Below, is a table depicting municipalities consulted and the outcome of such consultations:

Municipality	Policy prescription
a. City of Ekurhuleni Metropolitan travel Policy	The Policy does not specify the amount of car allowance
b. City of Tshwane Metropolitan Travel Allowance Policy	The Policy does not specify the amount of car allowance.
c. City of Cape Town Metropolitan Travel Management Policy	The Policy does not specify the amount of car allowance.
d. City of Mbombela Travelling and Subsistence Policy	The Policy does not specify the amount of car allowance.
e. Makhado Local Municipality car allowance	<p>All employees excluding Municipal Manager and those who report directly to Municipal Manager receive a monthly fixed car allowance of 30% of basic salary.</p> <p>The employees who qualify to receive car allowance are allowed to keep log book and claim for travelling allowance.</p>
f. Lepelle –Nkumpi Local Municipality car allowance policy	<p>The policy does not specify as to how much car allowance is granted to Municipal officials, however the following positions automatically qualify for car allowance;</p> <ul style="list-style-type: none"> - The Municipal Managers and section 57 Managers - Managers (Level 2) - Post Level 3 Officials <p>Officials below post level 3 who qualify to receive car allowance in light of their nature of their work apply through their supervisor or managers to be granted car allowance.</p> <p>Once they have been granted car allowance, they employees are allowed to keep log book and claim for travel allowance.</p>
g. Greater Giyani Municipality Car Allowance Policy	<p>The policy does not specify as to how much car allowance is granted to Municipal officials, however the following positions automatically qualify for car allowance;</p> <ul style="list-style-type: none"> - The Municipal Managers and section 57 Managers - Managers (Level 2) - Post Level 3 Officials <p>Officials who qualify for car allowance by nature of their job are given the following kilo meters per month to travel;</p>



	<p>750 per month for post level 2 650 per month for post level 4</p> <p>Should they reach the aforesaid kilo meters, their car allowance will then be fixed. Following the fixing of their car allowance, the said officials are permitted to keep log book and claim for travelling allowance.</p>
h. Blouberg Local Municipality car allowance Policy	<p>The following positions automatically qualify for car allowance;</p> <ul style="list-style-type: none"> - The Municipal Managers and section 57 Managers - Divisional Managers <p>Officials below Divisional Managers apply if they want car allowance.</p> <p>Payment of car allowance in terms of the positions are as follows:</p> <p>Managers: R14 697.94</p> <p>Officers: R12 730:82</p> <p>Supervisors and operational Official: R10 778.47</p> <p>Officials who qualify to receive car allowance are required to keep log book and claim travel allowance.</p>
i. Big 5 Hlabisa Local Municipality Car Allowance	<p>Employees who qualify to receive car allowance are paid 25% of basic Salary.</p> <p>The employees who qualified to receive car allowance are allowed to keep logbook and claim travelling allowance.</p>
j. Travel Allowance Policy.	<p>Travel Allowance Policy stemming from Municipal Manual Resources Policy issued by Department of Corporative Governance to various Municipalities,</p> <p>proposed that the employee who qualify to receive car allowance be given 25% of basic salary.</p> <p>After receiving car allowance the qualified employee be allowed to keep log book and claim travelling allowance.</p>



7. RATIONAL BEHIND FIXED AMOUNT BASED POLICY

- The allowance is given to employees as a fringe benefit and tool of trade.

- The allowance/amount is determined by the Municipality and is informed by affordability. Employees do not get to dictate to the employer how much should be paid to them as an allowance.
- The current set up allows employees to indirectly determine how much should be paid to them as an allowance.

After much consideration of the Travel Allowance Policy from other municipalities, management proposed **Travel Allowance amounts** as follows:

Managers : R17 000
Assistant Managers : R15 000
Employees on Level 4 and below : R 13 500

CURRENT SPENDING VS PROPOSED

Position	Current Monthly Spending Dec Figures	Proposed
Managers	R 364 511.16	R 442 000.00
Assistant Managers	R 821 765.54	R 1 035 000.00
Level 4 and below	R 4 708 257.37	R 4 414 500.00
TOTALS	R 5 960 736.83	R 6 026 500.00 (Deficit =R65 763.17)

The Organogram has **45 Manager** positions, **95 Assistant Manager**, and **343 officials on post level 04 and below levels** (which currently participate in the travel allowance scheme), who if the organogram is to be fully filled, will have to be paid the travel allowance as follows:

Position	Cost
Manager	R 765 000.00
Assistant Manager	R 1 425 000.00
Level 4 and below	R 4 630 500.00
TOTALS	R 6 820 500.00

At the final consultation meeting with Organized Labour, at a sitting of the Local Labour Forum (LLF) held on 29 January 2025 and the following submissions were made by the Labour component, i.e.:

Managers : R22 000
Assistant Managers : R20 000
Employees on post level 04 and below : R18 000

If the submission by the Labour component was to be considered the financial implications thereof will be as follows, that is, calculations made on 45 Managers, 95 Assistant Managers, and 343 officials on position 04 and below:

Position	Cost
Manager	R 990 000.00
Assistant Manager	R 1 900 000.00
Level 04 and below	R 6 174 000.00
TOTALS	R 9 064 000,00

8. FINANCIAL IMPLICATIONS/COMMENTS:



The implementation of this policy will be funded by 2024/25 council approved budget for car allowance amount to R66 million

9. LEGAL OPINION FROM A LABOUR/EMPLOYMENT LAW SPECIALIST:

The City Manager sought a Legal opinion from a Labour or Employment Law Specialist to provide a comprehensive legal opinion on the implementation of the Draft Travel Allowance Policy.

Lebea and Associates Attorneys was appointed to provide a legal Opinion, which opinion sought to address the following legal questions:

'Firstly, there are employees whose monthly travelling allowance will be reduced should Council approve the Draft Travelling Allowance Policy: Would the Municipality Not Commit Unfair Labour Practice against those employees?

Secondly, Parties (Employer and Organised Labour) are not in agreement on certain provisions of the Policy: Does that take away Management's right to take a final decision on the matter since the Policy development is the prerogative of the employer?

Thirdly, The Draft Car Allowance Policy was brought in to the Local Labour Forum for Consultation: What should be the recourse if parties are not in agreement"

Based on the aforesaid, Lebea and Associates Attorneys consulted various officials within the Municipality on the matter. On the 26 March 2025, a legal Opinion was issued with the following conclusion and Recommendations:

- (5.1) *The Municipality will not be committing an unfair labour practice by implementing the Draft Travel Allowance Policy in the circumstances.*
- (5.2) *The mere fact that parties are not in agreement on certain clauses of the Draft Travel Allowance Policy does not preclude the Municipality from implementing the Draft Travel Allowance Policy as it has consulted with Organised Labour.*
- (5.3) *The introduction of the Draft Travel Allowance Policy is a matter for consultation and thus the parties are not in agreement the Municipality can proceed to implement the Draft Travel Allowance Policy as it has consulted with Organised Labour.*

10. CONSULTATION

The Admin and Governance portfolio committee was duly consulted on this submission for its oversight role. The committee supported the report on its meeting held on the 12th of May 2025.

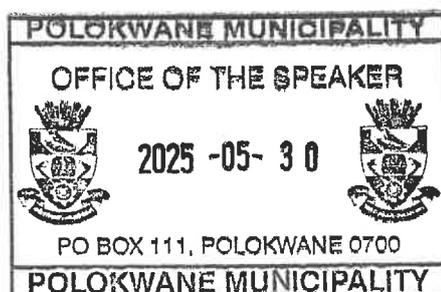
11. RECOMMENDATIONS:

1. That Council notes the report on the Draft Travel Allowance Policy.
2. That Council approves the New Travel Allowance Policy as per proposal from Management.
3. That the New Travel Allowance Policy be implemented with effect from 1 July 2025.



 CLLR JOHN MPE
 EXECUTIVE MAYOR

26/05/2025
 DATE





(2025)

DRAFT

TRAVEL ALLOWANCE POLICY



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1. PURPOSE

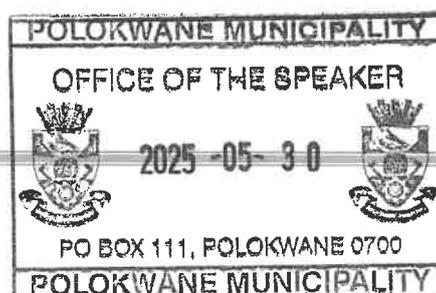
To provide payment of a travel allowance in respect of the utilization of a privately owned vehicles in the execution of official duties, regardless of whether the utilization of such transport is permanent or on ad hoc basis.

2. OBJECTIVES OF THE POLICY

- 2.1 To determine the criteria for participation in the travel allowance scheme of Polokwane Local Municipality.
- 2.2 The objective of the policy is the payment of a travel allowance to Council employees who have to use private vehicles in the execution of their official duties
- 2.3 To establish uniform directives, conditions and limitations according to which the policy functions in order to minimize differences.
- 2.4 To establish the basis for remuneration and policy benefits with regards to employees who have to use private transport in the execution of official duties that they were appointed for.
- 2.5 To compensate employees in a fair and reasonable manner.

3. SCOPE OF THE POLICY

- 3.1. This Policy will apply to all employees falling under the ambit of the South African Local Government Bargaining Council; whose positions are linked to a travel allowance scheme either as a fringe benefit and/or tool of trade because of the nature of the job.
- 3.2. Employees who are remunerated on an all-inclusive total cost to company package and are able to structure their own travel allowance are excluded from this policy.

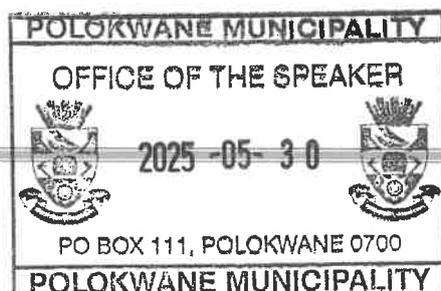


- 3.3. The Municipal Manager and Managers reporting directly to the Municipal Manager as contemplated in terms of Section 56 and 57 of the Local Government: Municipal Systems Act, 2000 (Act32 of 2000) as amended shall be excluded from this policy.

4. DEFINITIONS

For purposes of this policy, the following definitions are applicable:

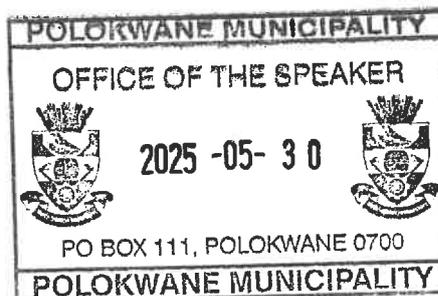
“Ad hoc”	means when necessary or needed.
“Assistant Manager”	means an official who in practice functions as head of a division and is appointed as such on Council’s staff establishment, on post level 3 of the Polokwane Municipality salary scheme
“Council”	means Polokwane Local Municipality.
“Days”	means the number of days in council’s service.
“Manager”	means an official who in practice functions as head of a Strategic Business Unit (SBU) and is placed/appointed on post level 1 of the Polokwane Municipality salary scheme
“Official distance”	means the distance in Kilometers travelled by an official in the council’s service, excluding distance between work and place of residence.
“Policy”	means the Travel Allowance Policy of Polokwane Municipality
“Scheme”	means the Travel Allowance Policy of Polokwane Municipality
“Total fixed cost”	means the tariff in cents per kilometer as determined by the purchase value (invoice price) of the vehicle, provided that this value does not exceed 100% of the employee’s annual gross salary.



“Total running cost”	means the tariff in cents per kilometer as prescribed by AA schedules.
“Travel Allowance”	means any amount paid to an employee in respect of travelling expenses for business purposes.
“Travel Allowance as Fixed Travel Benefit”	means a fixed monthly travel allowance paid as fringe benefit linked to a specific post level
“Travel Allowance linked position/post”	means a position/post linked to a fixed monthly travel allowance.

5. LEGISLATIVE FRAMEWORK

- 5.1 Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996)
- 5.2 Municipal Systems Act, 2000 (Act No. 32 of 2000)
- 5.3 Municipal Structures Act, 1998 (Act No. 117 of 1998)
- 5.4 Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- 5.5 Labor Relations Act, 1995 (Act No. 66 of 1995)
- 5.6 Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- 5.7 South African Local Government Bargaining Council: Collective Agreements
- 5.8 Income Tax Act, 1962 (Act No. 58 of 1962)



6. PERIOD OF VALIDITY

Upon approval by Council, the scheme will come into effect on the first day of the financial year following the expiry of the current scheme and will remain valid for a period of Five years (60 months) or for such a period until a new agreement is agreed upon.

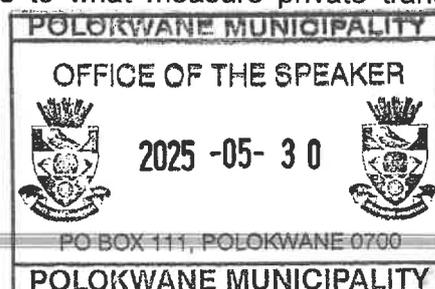
7. PARTICIPATION IN THE SCHEME

A Council employee whose duty requires of him or her to use private transport in the execution of official duties, is a participant in the scheme and therefore has the right to specified rights to benefit of the policy, but is subject to conditions and limitations as laid down in the policy such as:

- 7.1 The employee has a valid driver's license,
- 7.2 A privately owned vehicle must be available on a daily basis,
- 7.3 The privately owned vehicle must be registered with Human Resources; and
- 7.4 No official vehicle of Council may be utilized by the participant as a driver or a passenger.

8. DETERMINATION OF PARTICIPATION

- 8.1 This policy provides for participation by all Polokwane Municipality employees who use private transport in the execution of official duties with the Council's approval. Participation in the scheme is primarily determined by the use of private transport for official duties, irrespective of whether such transport is temporary, accidental or continuous.
- 8.2 Participation in the scheme is determined and limited by cost benefits and economic considerations. Taking into consideration the scheme's determinations, it is Council's responsibility to determine to what measure private transport is applied for official purposes.



- 8.3. An employee will have to submit a log-sheet for six (6) consecutive months, such log-sheet should have covered a minimum distance of 600 Kilometers.
- 8.4. Officials whose positions are not travel based due to the disestablishment of former Aganang Municipality and the transfer from DWA to Polokwane Municipality but were participants in the travel\car allowance scheme of their previous employer, shall continue receiving the travel allowance on a contractual to holder basis.

9. PAYMENT OF TRAVEL ALLOWANCE

9.1 All officials who are deemed to qualify for travel allowance as determined by this policy shall be remunerated as follows:

9.1.1 TRAVEL ALLOWANCE AS A FIXED TRAVEL BENEFIT

- a. **Managers (Post Level 1)** will be paid a monthly travel allowance of **R17 000.00**; as a fringe benefit linked to their post level.
- b. **Assistant Managers (Post Level 3)** will be paid a monthly travel allowance of **R15 000.00**; as a fringe benefit linked to their post level.

9.1.2 TRAVEL ALLOWANCE LINKED POSITION/POST

- a. All other **positions on post level 04 and below** will be paid a monthly car allowance of **R13 500.00**; to ensure availability of a private vehicle which will be deemed a tool of trade because of the nature of the job linked to the position.

9.2 The travel allowance will be increased with the same percentage (%) of annual salary increase for municipal employees in year three (03) 2027\2028 Financial year, ie 1 July 2027.

10. AD-HOC TRAVEL ALLOWANCE

10.1 In cases where an employee whose post is not linked to the travel allowance scheme has to use his/her private transport in extraordinary circumstances upon request of his/her SBU Manager on an occasional or temporary basis for official duties, such employee is remunerated for actual kilometers travelled on the following basis:



10.1.1 The total motor vehicle ownership cost per kilometer in terms of AA schedules based on the actual purchase price (invoice price) of the vehicle provided by the employee calculated on an annual kilometer distance of 14000 km, provided that the purchase price does not exceed 100% of the employee's annual salary and the cm³ is limited to 2500cm³.

10.1.2 The payment of a travel allowance is calculated on recorded distances travelled with private transport within a given time. In this scheme provision is thus made for payment of a travel allowance when private transport is used for temporary, accidental or continuous distances travelled for official purposes.

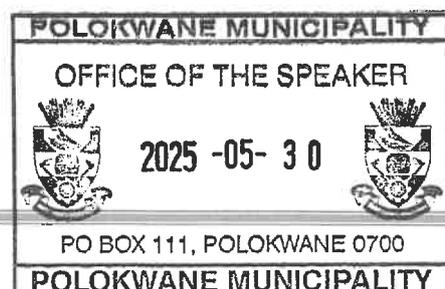
10.1.3 Ad-hoc travel allowance shall only be paid upon submission of a duly signed logbook, i.e., no payment of travel allowance when the official shall have been on a month or more leave. An official who goes on leave for days less than a month shall be paid on the kilometers submitted on the log-sheet

11. SUSPENSION OF TRAVEL ALLOWANCE

11.1 In instances where an employee who is an incumbent of a position linked to a travel allowance requests a transfer to another position not linked to a travel allowance, he/she may not receive any travel allowance from the date of transfer.

11.2 In instances where an employee who is an incumbent of a position linked to the travel allowance scheme is transferred by the Municipal Manager to another position not linked to the travel allowance scheme and such a transfer was not requested by the employee, the Municipal Manager must give such employee six months' written notice of the withdrawal of the travel allowance.

11.3 During the six months' period the employee shall receive the monthly travel allowance as was applicable prior to transfer.



- 11.4 In instances where Council for any other reason not mentioned above, decide to revoke an employee's travel allowance, Council must give such employee six months' written notice of the revocation of the travel allowance. During the six months period the employee shall receive the monthly travel allowance and such employee must if requested still use private transport for official Council purposes.
- 11.5 If an employee's position is deemed to no longer require the official to travel, such official shall be given six months written notice of withdrawal.

12. TRAVEL ALLOWANCE WHEN ACTING IN A HIGHER POSITION

- 12.3. A participant of a travel allowance bearing position, who temporarily acts in a permanent travel allowance bearing position on a higher salary level, will receive the travel allowance applicable to the position in which he/she acts provided that it is not lower than his/her position.
- 12.4. An employee of a non-transport allowance bearing position who temporarily acts in a permanent transport allowance bearing position, and if he/she provides a privately owned vehicle for the acting period, will be remunerated on the actual transport allowance calculated on a pro rata basis for the position in which he/she acts.

13. COMMUNICATION

This policy will be communicated to municipal employees using the full range of communication methods available to the municipality.

14. DISCIPLINE

- 14.1 Incorrect logging of distance travelled/ manipulation of the system constitutes fraud and as a result will be punishable through disciplinary action being taken against an employee.



14.2 Non-Compliance with the provisions of the policy will be dealt with in terms of the LRA and the Disciplinary Procedures Collective Agreement.

15. IMPLEMENTATION AND REVIEW OF POLICY

The Travel Allowance Policy shall upon approval by Council; be implemented on 1st July 2025, which is the first day of the financial year following the expiry of the current travel allowance scheme and shall be reviewed after a period of five years or as and when the need arises to ensure alignment with municipal strategic objectives and/or applicable legislative changes.

