

LEKWA LOCAL MUNICIPALITY BUDGET RELATED POLICY



SUBSISTENCE AND TRAVEL ALLOWANCE POLICY 2022/2023

1. It is essential that delegates of the Municipality from time travel to other cities and towns in order to establish and maintain links and relationships with other Municipalities, Government Bodies, and other parties, institutions and organisations operating in the sphere of Local Government. It is important for delegates to broaden their knowledge and understanding of and compare local experiences in Local Government transformation, innovation and change in the rest of the country, and this can effectively be done only through the medium of personal contact with a wide range of Local Government stakeholders.

2. **DEFINITIONS**

For the purpose of this policy the following words will have meanings as indicated:

- 2.1 **“Council”** means the Council of the Local Municipality of Lekwa and **“Councillor”** means a Councillor elected to serve on the Council.
 - 2.2 **“Lekwa Municipality boundaries”** means the area determined by National Demarcation Board for the municipality are known as MP305 Lekwa.
 - 2.3 **“Delegate”** means any Councillor or any official that received permission to attend an official visit as contemplated in section 2 of the policy;
 - 2.4 **“Official visit”** means the attendance of meetings, seminars, workshops, training courses or any other event that a delegate attends in his/her official capacity for which prior approval has been obtained and includes the attendance of meetings of institutes by Councillors and/or officials that have been selected to serve on the management structures of the institute. Official visits shall also mean attendance of conferences, workshops etc. organized by political parties attended by Councillors in their capacity as Political Office bearers (i.e Executive Mayor, Speaker and Party Whips)
 - 2.5 **“Vehicle allowance scheme”** means the vehicle allowance scheme determined by SALGA and approved by Council.
 - 2.6 **“Negotiated transport allowance”** means the allowance negotiated by incumbents employed as Municipal Manager and other managers on a fixed term performance contract.
 - 2.7 **“Fixed transport allowance”** means the allowance intended for incumbents whom their posts require the incumbents to receive a monthly vehicle allowance as a prerequisite. In other words, the allowance is seen as an additional income and a customary right or privilege applicable to incumbents in these posts.
 - 2.8 **“Fixed average journey distance per month”** means the distance in kilometres on which a monthly transport was based.
 - 2.9 **“Ad hoc transport allowance”** means the allowance payable to any official not receiving either a fixed, running or negotiated travelling allowance, but who are requested to use private transport in the execution of his/her duties.
3. The policy sets out the basis for the payment of a subsistence and travel allowance for the purposes of such official travelling:
 - 3.1 **Responsibilities of delegates**
 - 3.1.1 Every delegate who travel on the business of the Municipality must comply with this Policy in letter and in spirit.
 - 3.1.2 Delegates who travel on the business of the Municipality must appreciate, at all times, that they are ambassadors for the Municipality, that their actions, conduct and statements must be in the best interests of the Municipality, and that they must comply with any specific mandates they have been given.

Consistent with the Municipalities performance monitoring and evaluation objectives, the Municipal Manager will ensure that a database of all Councillors and officials travelling is kept.

3.2 Subsistence and Travel Allowance

3.2.1 A subsistence and travel allowance is an amount of money paid by the Municipality to a delegate to cover the following expenses:

- meals (including reasonable gratuities).
- incidentals such as refreshments, snacks, drinks and newspapers; and
- all business-related travel.

3.2.2 A subsistence allowance does not cover any personal recreation, such as visits to a cinema, theatre, or nightclubs or sightseeing, or alcoholic beverages.

3.3 Entitlement to a Subsistence and Travel Allowance

3.3.1 A delegate may claim a daily subsistence allowance as provided in this policy with the understanding that all authorised personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses.

3.3.2 The subsistence allowance may be claimed without the delegate having to furnish proof of expenses.

3.3.3 Entertainment of external business associates or contacts or clients fall outside the scope of the subsistence allowance and will be separately reimbursed (subject to prior approval where applicable). If a delegate of the Municipality has an entertainment allowance, this entertainment of external business associates or contacts or other parties must be claimed against the entertainment allowance.

3.3.4 A delegate of the Municipality must claim his or her subsistence allowance as provided in this policy before embarking on any official trip. The subsistence allowance must, in order to facilitate its timeous payment, be claimed at least three working days before the planned trip.

3.3.5 For the purposes of subsistence allowance, a delegate shall mean:

- Executive Mayor
- Speaker
- members of the Executive Committee
- other Councillors specifically authorised to represent the Municipality on a particular occasion:
- Municipal Manager;
- Heads of Departments;
- any other official specifically authorised to represent the Municipality on a particular occasion.

3.4 Approval

3.4.1 Official visits by officials within Lekwa Municipality boundaries will be subject to the approval of Executive Managers/Chief Financial Officer.

3.4.2 Official visits by officials outside the Lekwa Municipality boundaries will be subject to approval by the Municipal Manager.

3.4.3 Official visits by the Executive Managers/Chief Financial Officer will be subject to approval by the Municipal Manager.

3.4.4 Official visits by the Municipal Manager will be subject to approval by the Executive Mayor.

3.4.5 Official visits by any Councillor will be subject to approval by the Speaker.

3.4.6 The Executive Mayor and Speaker will be allowed to travel at their discretion provided that the amount budgeted for travel and subsistence is not exceeded.

4. **ACCOMMODATION COSTS AND SUBSISTENCE ALLOWANCE**

- 4.1 Delegates who travel on the business of the Municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in a hotel or guesthouse.
- 4.2 That actual cost of accommodation will be borne by the Municipality itself in respect of domestic travel subject to a maximum of R2000.00 plus R 435.00 per night on a basis of R1800.00 for bed and breakfast and R435.00 for other meals and incidental expenses (Arrangements with the hotel or guesthouse with regard to accommodation and meals must be made prior to the delegates departure in order that a payment can be made out to the specific hotel or guesthouse).
- 4.3 If a delegate is required to stay overnight in a hotel or guesthouse a maximum of R2000.00 for bed and breakfast per day will be paid directly to the hotel or guest house. For other meals and incidental expenses a maximum of R 435.00 will be paid directly to the delegate per night. The amounts referred to in this paragraph can be exceeded in exceptional circumstances only subject to the approval of the Municipal Manager in respect of officials and the Speaker in respect of a Councillor subject to a report to be submitted to Council for ratification.
- 4.4 If a delegate stays with a relative or friend, an accommodation allowance of R800.00 per night may be claimed together with a subsistence allowance of R 435.00 per night.
- 4.5 Where it is not necessary to stay overnight in any travel on municipal business, no accommodation costs will be paid.
- 4.6 In order to qualify for a subsistence allowance, the employee must be required to spend at least one night away from his usual place of residence.
- 4.7 Where a delegate chooses that the Municipality should pay for their meals at the hotel or guesthouse only an amount of R 134 of is payable per day for the delegate.
- 4.8 Where a delegate travel with his/her car but does not have fixed car allowance an amount of R3.61c will be reimbursed to the delegate.
- 4.9 In a case where a person came for interview only kilometres will be reimbursed at an amount of R 2.50c per kilometre.

5. **OVERSEES VISITS**

- 5.1 A schedule of rates for travelling outside the South Africa per county, is published on the SARS website.
- 5.2 In the case of international travel, the day of departure from South African and the day of return to South Africa each qualify for subsistence allowance.
- 5.3 For purposes of this policy, domestic travel shall mean travel within South Africa and the SADC countries, and international travel shall mean travel to any country other than South Africa and the SADC countries.

- 5.4 Delegates intending to travel to any SADC country may request the Speaker, as the case may be, to approve a higher accommodation and subsistence allowance if the delegate can motivate such an increase in the light of prevailing exchange rates in such country or countries.

6 SUBSISTENDE ALLOWANCE IF TRAVEL IS FOR A DAY OR PART OF A DAY WITH NO OVERNIGHT STAY

- 6.1 If a delegate travels more than 120 km on an official visit for a day or part of a day, a subsistence allowance of R 435.00 per day or part of a day is payable for incidental expenses.
- 6.2 No more than R 435.00 shall be payable per day, irrespective of the number of trips undertaken.

7. CAR RENTAL AND OTHER TRAVEL COSTS

- 7.1. Only “A” or “B” category vehicles may be rented, unless it is more cost-effective to hire a more expensive vehicle (for example when the number of delegates involved could justify the hire of a micro-bus).
- 7.2 Car rental must be approved as part of the travel package before the trip is embarked on. A delegate who rents a vehicle whilst travelling on the business of the Municipality without having received prior authorisation will only be reimbursed for the cost of the vehicle rental if proof of expenditure can be produced and the delegate can demonstrate that vehicle rental was reasonably but unexpectedly necessitated by the circumstances.
- 7.3 All flights by delegates of the Municipality shall be in economy class, unless another class of travel is specifically authorised by the Speaker or Municipal Manger, as the case may be.

8. TRAVELLING ALLOWANCE

- 8.1 Transport allowance payable to officials receiving a monthly vehicle allowance:

- 8.1.1 Officials receiving a negotiated transport allowance will be reimbursed to journeys either inside or outside the Lekwa boundaries according to the terms and agreement of their contract of employment;
- 8.1.2 Officials receiving a fixed transport allowance or transport expenses incurred by him or her for all destinations undertaken outside Lekwa without having to first exhaust the fixed average journey distance per month for the post occupied by him or her.
- 8.1.3 The kilometres travelled will be paid at the running cost of the vehicle used as determined by Automobile Association from time to time.
- For example, an official who occupies a post with a fixed transport allowance and who travelled 800 kilometres to destinations outside Lekwa in a specific month, may claim 800 kilometres based upon AA running costs regardless of his or her fixed average journey distance per month. A completed transport and subsistence claim form must be submitted to the Chief Financial Officer to claim. Log sheets need not be kept but each individual trip is subject to the approval by his Executive Manager and the Municipal Manager.
- 8.1.4 Any official receiving either a fixed or running transport allowance may claim transport expenses if he or she has to use his or her vehicle for journeys, outside the boundaries of the Local Municipality of Lekwa,

regardless of the number of kilometres already travelled by an employee within the boundaries of the Local Municipality of Lekwa. A completed transport and subsistence claim form must be submitted to the Chief Financial Officer for payment after approval by both his Executive Manager and the Municipal Manager.

- 8.1.5 The allowance payable in terms of 8.1.3 above will be paid at a rate based upon AA running costs up to a maximum of 3500cc vehicle published from time to time.
- 8.2 A transport allowance payable to employees whom fall under the collective agreement will be paid at a rate based upon AA running costs published from time to time for official visits outside the Lekwa Municipal Boundaries. The rate payable will be up to a maximum of 3500cc vehicle. However, these trips must be limited to the absolute essential trips only. Official transport should be used as far as possible.
- 8.3 Transport costs payable to Councillors:
 - 8.3.1 Any allowance or transport costs payable to Councillors will be subject to the regulations pertaining to the remuneration of public office bearers as promulgated by the Provincial Department of Local Government in terms of the Public Office Bearers Act, 1998 (Act 20 of 1998) as amended from time to time, and will be paid according to the tariffs determined by the Department of Transport from time to time for use of privately owned vehicles for official visits outside the Lekwa Municipal Boundaries.
- 8.4 Where possible delegates must travel together, up to a maximum of four in a vehicle, to minimise travelling expenses.

9. **SUBSISTENCE AND TRAVEL ALLOWANCES TO ATTEND WORKSHOPS AND CONFERENCES**

- 9.1 An invitation to attend a workshop, meeting or related event is not an automatic authorisation to attend such workshop or event. The required authorisation must still be obtained from the Municipal Manager or the Speaker, as the case may be.
- 9.2 Council delegates to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event. If any delegate fails to do so, the Speaker or the Municipal Manager, as the case may be, may recover all allowances and disbursements paid to enable such delegate to attend such event, provided that such delegate is afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event.
- 9.3 Council delegates are required to report back and to submit any documentation to the Speaker or Municipal Manager regarding the meeting, workshop, conference, etc.

10. **LEGAL REQUIREMENT**

In terms of Section 66 of the Municipal Finance Management Act 2003 (Act 56 of 2003) the Accounting Officer (Municipal Manager) of the Municipality must report to the Council in the format and for the periods prescribed, all expenses relating to staff salaries, allowances and benefits, separately disclosing inter alia travel, subsistence and accommodation allowances paid.

11. GENERAL

- 11.1 If circumstances necessitates a delegate to incur additional expenses for which provision is not made in this policy, such as toll fees, parking fees, etc. the delegate may claim compensation for such expenses on the submission of documentary proof thereof, provided that the Executive Manager/CFO/Municipal Manager in case of an official or the Speaker in the case of a Councillor, is of the opinion that such expenditure was justifiable.
- 11.2 The flat rate mentioned in paragraph 4 and 5 will be revised annually by the Chief Financial Officer in consultation with the Municipal Manager during the compilation of the budget.
- 11.3 Prior approval for all journeys undertaken outside Lekwa Municipality boundaries must be obtained from the Municipal Manager, who will evaluate the necessity of the journey, regardless of the post level of the official involved.
- 11.4 The Municipal Manager in consultation with the Chief Financial Officer, will be entitled, in any case where a dispute arises, to make a final decision regarding the mode of transport to be used on the most cost-effective option for Council, i.e. road versus air transport.
- 11.5 All previous policies on travelling and subsistence allowances accepted by Council as well as all previous Council Resolutions, in this regard will be rescinded from the date of the Council Resolution adopting this policy as the Council's only policy on travelling and subsistence allowances for Councillors and officials. This policy can therefore only be amended by a resolution of Council.
- 11.6 The amounts mentioned in 4 and 5 are subject to determination by the South African Revenue Services from time to time.
- 11.7 If more than one delegate attends a specific official occasion, they should insofar as possible travel with one vehicle and only the owner of the vehicle will be legible to receive reimbursement for travelling costs in terms of this policy.
- 11.8 Should delegates be dependent on conveyance (such as car rental) during their visits, such conveyance costs will be recoverable. (Car rentals must be based upon the most economical rates including full insurance).
- 11.9 Airfares will be paid at economic class tariffs and will be payable to the Travel Agency making the reservations.
- 11.10 The day allowance as described in paragraph 6 is intended for the financing of personal expenses not provided for in this policy, and no documentary proof for the expenditure thereof is required.