



FINAL SUBSISTENCE AND TRAVELLING POLICY

FOR

2016/2017

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1. **INTRODUCTION**

The demarcation of new municipal boundaries has adjusted the boundaries of various municipalities drastically. Travelling within and outside the local municipality has created an extra burden on subsistence and traveling costs. The role of local municipalities in Municipal International Relations necessitates honoring by such municipalities of the international obligations. The travelling and subsistence of both municipal employees and Councillors either internationally or domestically needs to be regulated. In payment of subsistence and travelling allowance the principle is to ensure the safety and convenience of both the municipal staff and Councillors in the execution of their official tasks. The purpose of the policy is to set out the basis for the payment of subsistence and travel allowance when municipal representatives are on official municipal duty.

2. **LEGISLATIVE FRAMEWORK**

- 2.1 In terms of section 66 of the Municipal Finance Management Act no. 56 of 2003, the Accounting Officer of the Municipality must report to the Council, in the format for the period prescribed, all expenses relating to staff salaries, allowances and benefits, separately disclosing *inter alia* travel, subsistence and accommodation allowances paid.
- 2.2 Remuneration of Public Office Bearers Act, 1998 Act No20. of 1998 determine the upper limits of salaries, allowances and benefits of the different members of Municipal Councils.
- 2.3 Section 8(1) (a) read together with section 8(1) (c) of the Income Tax Act No. 58 of 1962 (the Income Tax Act). A subsistence allowance is any allowance given to an employee or a holder of any office for expenses incurred or to be incurred in respect of personal subsistence and incidental costs (for example, drinks).
- 2.4 Compensation or an allowance paid to employees who reside far away from their normal place of employment or who do not spend the night away from home is not regarded as a subsistence allowance and is subject to employees' tax. This also applies in the case of a labour broker.
- 2.5 The amounts that shall be deemed to be expended do not apply to the extent that the employer has borne the expenses (otherwise than by way of payment or granting of an allowance or advance) in respect of which the allowance was paid for each day or part of a day.
- 2.6 A subsistence allowance is intended for abnormal circumstances and therefore an allowance of this nature cannot form part of the remuneration package of an employee. It is an amount paid by an employer to the employee IN ADDITION to the employee's normal remuneration.

- 2.7 All Collective Agreements relevant to the application of this Policy will apply.

3. **OBJECTIVES**

This policy sets out the basis for the payment of a subsistence and travel allowance for the purposes of official, Council and traditional leaders travelling outside the Municipal boundaries to ensure the following:

- Reimbursement of expenses incurred by Councilors, traditional leaders and officials in execution of tasks.
- That reimbursement is correctly accounted and transparent.
- Safeguard the interests of Officials, traditional leaders Councilors and the Ngqushwa Local Municipality.

4. **TRAVELING EXPENSES**

A travel allowance is any allowance paid or advance given to an employee in respect of travelling expenses for business purposes.

Any allowance or advance in respect of travelling expenses not to have been expended on business travelling to the extent that it has been spent on private travelling (this includes travelling between the employee's place of residence and his/her place of employment), shall be deemed not to have been actually expended on travelling on business.

The following two situations are envisaged, namely

When Councilors / officials make use of own transport for official travelling the following will be applicable:

- 4.1 Officials and Councilors will be reimbursed on authorized official trips from the Ngqushwa Local Municipality office (office of operation) to destinations outside their point of operations. The compensation will be calculated at current applicable rate based on department of transport.
- 4.2 Compensation will be calculated at current applicable rate. The HOD, CFO and Municipal Manager shall certify and approve such claims. (The actual travelling must first be approved by the HOD)

- 4.3 Where possible representatives must travel together up to a maximum of four in a vehicle to minimize travelling expenses.
- 4.4 A Councilor may utilize a Council owned vehicle when Performing Ceremonial functions and their usage of council vehicle is Limited to the circular on the determination of Councilors Upper limits for the prevailing year.
- 4.5 All officials using private vehicles must attain approval from their HOD prior usage of private vehicle.
 - 4.5.1 Officials receiving a travel allowance are encouraged to always use the same vehicle that was submitted to the Corporate Services Department unless permission is granted by MM/HOD for the use of alternative vehicle.
 - 4.5.2 Officials receiving travelling allowance shall be entitled to claim subsistence and travelling allowance once they exceed 500km per month, except for officials receiving travelling allowance at Technical services department
 - 4.5.3 Technical services officials receiving travelling allowance will be entitled to claim for subsistence and travelling allowance when business kilometers travelled exceed 320 km per month
 - 4.5.4 All other Officials not receiving travelling allowance, must get authorization prior to trip and will be entitled to claim without limitations.

5 **CAR RENTAL**

- 5.1 Council encourages the use of shuttle services for junior officials whenever possible. Mayor, the Speaker, and the EXCO shall be entitled to rent a car in category C and D but they must have a valid S.A driver's license. The Municipal Manager and HODs shall also be entitled to the same.

6. **DOMESTIC AND INTERNATIONAL AIR TRAVEL**

- 6.1 The Mayor, Speaker, HOD and EXCO may travel on the Business class on international air travel and economy class on domestic air travel.
- 6.2 All other Councilors and officials must travel in the Economy class for air travel purposes.

7. ACCOMMODATION AND SUBSISTENCE

7.1 SUBSISTENCE

A subsistence allowance is an amount of money paid by the municipality to a representative to cover incidents cost.

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

A representative of the municipality must claim his or her subsistence allowance, as provided in this policy,

No subsistence allowance will be paid, and no representative will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality. All travel on business of the municipality must be approved as such before a representative is entitled to a subsistence allowance

For the purposes of a subsistence allowance, a representative shall mean:

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Councilors and officials

Section 8(1) (c) of the Income Tax Act prescribes that the employee

Shall be deemed to have actually expended a certain amount (daily expenses in respect of meals and/or incidentals costs) where the employee is absent from his/her usual place of residence

Where the accommodation to which the allowance or advance relates is in the Republic, an amount equal to the following is deemed to be expended for each day or part of a day in the period during which the employee is absent from his/her usual place of residence —

- Meals and Incidental costs - R353

Subsistence payments of R94.00 per day shall be paid when

Travelling outside the Ngqushwa Local Municipality's area of jurisdiction. (Claim for km for kms travelled outside the normal kms travelled to work, standard rates will be used, only to claim for subsistence for only when one sleeps away from home. Field workers must be reimbursed for kms exceeding 300km with a pre approvals of the HOD)

7.2 ACCOMODATION

Officials and Councilors on official trips may be accommodated in the following: - Hotel, bed and breakfast and private accommodation.

Actual cost of accommodation and meals shall be paid by the Council for the duration of the stay at such institution. Accommodation will be provided for the previous night only where a meeting to be attended starts before 09h00 provided that the venue is at least 100 km away from Peddie. Accommodation will also be provided for the night of such meeting where it ended after 17h00. Weather conditions and nature of the roads to be traveled will be considered in certain circumstances.

7.2.1 HOTEL ACCOMMODATION WITH NO SERVICES

Meals may be taken elsewhere if the hotel does not provide for such service or where it is necessary.

When meals are not included in the hotel accommodation the following maximum amounts are payable: -

- Dinner - R250.00 (including tea/coffee soft drinks)
- Lunch - R150.00 (including tea/coffee soft drinks)

No claims without receipts will be entertained. Only in those circumstances where receipts are not readily granted e.g. rural areas, informal business etc. will a written memo of expenditure be accepted. The claims should not exceed the respective amounts for meals and will be based on what was actually paid.

Where a flight arrives, after 17h00, at a destination outside the Ngqushwa Local Municipality's jurisdiction, provided that such destination is at least 120 km away from Peddie, hotel accommodation may be provided.

7.2.2 PRIVATE ACCOMMODATION

If the individual utilizes private accommodation, such official / Councilor will be entitled to R450.00 per day to cater for costs incurred. (Exceptional cases will be catered for.)

Private sleeping arrangements whenever they are allowed shall not inconvenience the Council work.

Prior utilizing such accommodation individuals should seek permission from their respective supervisors

8. CLAIMS FOR LESS THAN 24 HOURS

The following criteria shall apply for claims less than 24 hours:-

- In order to claim for breakfast the claimant shall have left for official business before 06h00.
- For dinner claim the claimant shall have returned from official business after 19h00.
- If breakfast, lunch or dinner is served during official business, then Officials and Councilors should not claim for the above.
- For lunch the claimant shall have returned from official trip after 17h00.

9. PROCEDURE FOR THE SUBMISSION OF SUBSISTENCE AND TRAVELING CLAIMS.

10. All claims with supporting documents attached shall be submitted to the Finance Directorate as soon as possible after the official/Councilor has returned from official business.
11. All claims shall be submitted on the official claim forms obtained from the relevant secretaries.

12. INTERNATIONAL TRAVEL

Where a Councilor/Official is required to visit an international destination the following shall apply: -

- 12.1 Where the accommodation to which the allowance or advance relates is outside the Republic, an amount equal to prescribed amount applicable to the relevant country is deemed to be expended for each day or part of a day in the period during which the employee is absent from his/her usual place of residence in accordance with the table for the country in which that accommodation is located, please refer to PAYE-GEN-01-G03-A02 - Subsistence allowance - foreign travel - external annexure.
- 12.2 The amounts laid down in respect of travelling abroad will only apply To employees who are ordinarily resident in the Republic in respect of continuous periods spent outside the Republic

Payment to be made in rands to enable the traveler to purchase the equivalent of the forecasted currency that applies in that country.

The allowance is also claimable in advance of travel in the case of traveling outside South Africa.

In the case of International travel, the day of departure from South Africa and the day of return to South Africa each qualify for a subsistence allowance.

13. CALCULATION OF SUBSISTENCE ALLOWANCE

Allowances shall be based on the shortest reasonable time elapsed and the shortest reasonable distance to travel from the point of departure to the authorized destination and back to the original point of departure.

14. PARKING/ TOLLGATE FEES

Claims for reimbursement for parking and tollgate fees will only be considered when Councilors and officials have produced cash slips or receipts.

15. GENERAL

All Officials and Councilors must comply with the policy in its entirety. The policy would have to be reviewed annually due to changes in government policy, based on the decisions of the Council and the powers delegated to the Municipal Manager.

16. COMMUNICATION

Circulars, messages and notices on notice boards will be utilized in order to inform all employees of the availability of the policy. Copies of the policy will also be distributed to the parties that took part in the consultation process.

17. REVIEWAL OF THE POLICY

It will be the responsibility of the Corporate Services Department to consider the provisions of this policy on annual basis. The Corporate Services Department shall request all Departments to submit their proposed changes for submission to Council for approval.

POLICY APPROVAL

This policy was approved by the Council on the _____ day of

_____ (month) _____ (year),

at _____ (place),

And will be of effect from _____ (date).

Prepared by
CHIEF FINANCE OFFICER

Reviewed by
MUNICIPAL MANAGER

Authorized by
THE MAYOR