



# **BA-PHALABORWA LOCAL MUNICIPALITY SUBSISTENCE & TRAVELING POLICY**

2020/21 TAX YEAR UPGRADE

## **INDEX**

1. Objectives
2. Legal Requirements
3. Responsibilities of Representatives who travel on Business of the Municipality
4. Subsistence allowance
5. Entitlement to a Subsistence and travel allowance
6. Accommodation Costs
7. Amount of Subsistence allowance
8. Car rental, Air travel and other travel costs
9. Subsistence and Travel allowance for persons invited for interviews and any official Municipal Business
10. Authorization of official trips to be undertaken
11. Attendance of Conference, workshop or meeting
12. Approval Subsistence and travelling claims
13. Procedures for claims and payment thereof
14. Commencement
15. Interpretation of this policy
16. Permanent/Temporary waiver or suspension of this policy
17. Compliance and enforcement
18. Amendment/and or abolition of this policy

## **1. OBJECTIVE**

It is essential that representatives of the municipality from time to 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 organizations operating in the sphere of local government. It is important for representatives 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. This policy sets out the basis for the payment of a subsistence and travel allowance for the purposes of such official travelling.

## **3. FOR THE PURPOSES OF THIS POLICY, A REPRESENTATIVE SHALL MEAN:**

Mayor

Deputy-mayor

Speaker

Members of the Executive Committee

Other councillors specifically authorized to represent the municipality on a particular occasion

Municipal manager

Heads of departments

Any other official specifically authorized to represent the municipality on a particular occasion

Any other official who is a member of a recognized professional institution and is granted permission to attend meetings and conferences of such institution.

## **2. LEGAL REQUIREMENTS**

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 and for the periods prescribed, all expenses relating to staff salaries, allowances and benefits, separately disclosing (inter alia) travel, subsistence and accommodation allowances paid.

## **3. RESPONSIBILITIES OF REPRESENTATIVES WHO TRAVEL ON BUSINESS OF THE MUNICIPALITY**

Every representative who travels on the business of the municipality must comply with this policy in letter and in spirit.

Representatives 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 municipality's performance monitoring and evaluation objectives, the municipal manager will ensure that a database of all representatives and official travelling is kept.

## **4. SUBSISTENCE ALLOWANCE**

4.1 A subsistence is an amount of money as contemplated in Part 6 paid by the municipality to a representative to cover the following expenses:

*Meals, including reasonable gratuities, except where meals are included in the accommodation rate; and Subsistence and travelling policy Point 5* Incidentals such as refreshments, snacks, drinks and newspapers. A subsistence allowance does not cover any personal recreation, such as visits to a cinema, theatre or nightclubs, or sightseeing.

## **5. ENTITLEMENT TO A SUBSISTENCE AND TRAVEL ALLOWANCE**

A representative may claim a daily subsistence allowance as provided in this policy on the understanding that all authorized personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses such as travel and accommodation expenses (see below), may be claimed.

The subsistence allowance may be claimed only if the necessary authorization for the trip has been obtained, and if the appropriate form has been completed and submitted by the claimant.

Entertainment of external business associates or contacts or clients or potential investors or potential clients falls outside the scope of the subsistence allowance and will be separately reimbursed (subject to prior approval where applicable). If a representative 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.

A representative of the municipality must claim his or her subsistence allowance, as provided in this policy, after returning from any official trip.

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.

## **6. ACCOMMODATION COSTS**

Representatives 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, motel, guesthouse or bed and breakfast establishment.

The actual cost of accommodation will be borne by the municipality. A representative may use 4–star accommodation, but if 4-star accommodation is not available, 5-star accommodation may be used. If neither 4 - nor 5 –star accommodation is available, then the next lowest grade 6 stars or 3 star of accommodation available shall be used.

Accommodation shall be provided on a “dinner, bed and breakfast” basis. If dinner or breakfasts are not available at the establishment, the Municipal Manager may authorize the payment of a supplementary subsistence allowance on an “ad hoc” basis in such amount as he/she deems appropriate to cover the costs of such meals.

All accommodation must, unless it is impractical to do so, be reserved through a travel agent appointed by the Municipality for this purpose.

If a representative stays with a relative or friend, no accommodation allowance may be claimed, but the representative may claim a subsistence allowance as provided.

The permissible cost of accommodation allowances for international travel shall be in an amount determined by the Municipal Manager on an "ad hoc" basis. Subsistence and travelling policy point 7

For the purpose of this policy, domestic travel shall mean travel within South Africa, and international travel shall mean travel to any country other than South Africa

If a representative requires special accommodation facilities due to such representative suffering from any disability, the Municipal Manager may

Authorize such additional expenditure as may be required to cover additional costs associated with such special facilities.

Tips to any service attendant shall be treated as a private or personal expense and therefore shall not form part of the municipal account.

Any other cost not included in the quotation voucher shall be treated as private or personal expense and therefore shall not form part of the municipal account.

Cost of meals shall not exceed the approved amount as per the quotation voucher and therefore any additional expenses shall be the liability of the representative.

The cost of meals shall be based on the market related rates as obtained from one food provider to another.

**As per the instruction 4 of 2017-2018 cost containment no accommodation bookings for single trip with the estimated kilometres of 500 will be allowed**

## **TRAVEL TO NEIGHBOURING COUNTRIES**

### **7.1.1 Daily allowance and accommodation**

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 Subsistence allowance - Foreign travel - external annexure.

The rates are for guidance purposes only. The rates for each tax year will be published by notice in the Government Gazette.

## **SUBSISTENCE ALLOWANCES**

The subsistence allowance will be determined from time to time as per Section 8 (1) (c) of SARS guide annually, or a rate set by the municipality at that period,

**Where the employee is absent from his/her usual place of residence –**

- **Daily allowance (incidental cost) – increase from 134 to 139 no receipt required**
- Where an employee is required to spend a night away from his usual place and the municipality did not incur cost (own arranged accommodation) an allowance off from **435 per day to R452 per night** which include meals and incidental costs, per night
- Absent for more than five hours, spanning a normal mealtime R110.00 receipts required (subject to where no breakfast is provided)
- Absent for more than ten hours, spanning two normal mealtimes 150.00 (where both breakfast and lunch was not provided and subject to approval (receipt required))

Measures and provisions

- Any reimbursement for meals and beverages will be subject to approval and all claims must be supported by submission of receipts.
- An employee may also claim expenditure for two beverages (excluding alcohol) per day **including energy drinks**
- Whether the employee qualifies for the reimbursement of such meals and tea will depend upon the date of departure and return and the reasonableness of the claim,
- Any other actual expenses such as tollgate fees and parking fees (vouchers are required)
- It is reiterated that an employee who attends a meeting/seminar/workshops where catering is provided, is not entitled to submit claims for meals /drinks.
- The employees should note that the allowance for meals does not cover the cost of snacks/sweets ,
- Actual expenditure may also be claimed in respect of meals provided they are not included in accommodation expense and are supported by proof.
- Actual formal accommodation (e.g. hotel, guest house) expense, i.e. bed and breakfast in the equivalent of a hotel classification of a three star rating (voucher required)

**A non-taxable allowance of 139 to cover personal expenses.**

Claims for authorised travel and reimbursed the calculation will be based on the AA tariffs obtained from department of transport.

## **8. CAR RENTAL, AIR TRAVEL AND OTHER TRAVEL COSTS**

Only group “ C” or “D” category vehicles may be rented, unless it is more cost-effective to hire a more expensive vehicle (for example, when the number of representatives involved could justify the hire of a micro-bus).

Car rental must be approved as part of the travel package before the trip is embarked on. A representative who rents a vehicle whilst travelling on the business of the Subsistence and travelling policy

Municipality without having received prior authorization will only be reimbursed for the cost of the vehicle rental if proof of expenditure can be produced and the Representative can demonstrate that vehicle rental was reasonably but unexpectedly necessitated by the circumstances.

All flights by representatives of the municipality shall be in economy class, unless, in the case of emergencies, another class of travel is specifically authorized, by the Mayor in the case of travel by the Municipal Manager, and by the Municipal Manager in the case of travel

by other officials of the Municipality and Councillors unless in emergency circumstances do not permit.

Wherever possible, the best airways Service Provider shall be used for air travel.

Reservations for rental cars and air travel must be made through a travel agent appointed by the Municipality for this purpose.

If a representative has to utilize his or her personal motor vehicle outside the boundaries demarcated for the municipality he or she will:

Be reimbursed at the applicable rate prescribed by the Department of Transport from time to time.

The distance to which the reimbursement applies, must be the shortest distance between the municipality's offices and the location where the official business is to be transacted.

Private vehicles may be used only in the absence of other suitable transport or if the use of private vehicles would be cheaper than using other means of transport.

A person may use any vehicle registered with the Department of Transport in South Africa regardless of ownership provided that person is a licensed Driver of that vehicle.

It will be incumbent upon the municipal official concerned to verify the factual usage of the vehicle in respect of which transport claim is made against

Where possible representatives must travel together, up to a maximum of two in a vehicle, to minimize travelling expenses

If it is not practical to use rental cars, air travel or private vehicles, or if the use of such modes of transport would, in the opinion of the Municipal Manager, entail excessive expense, the Municipal Manager may require that alternative modes of transport, such as buses and trains, be used, subject to such conditions and limitations as the Municipal Manager may on an "ad hoc" basis stipulate.

If a representative requires special travel facilities due to such representative suffering from any disability, the Municipal Manager may authorize such additional expenditure as may be required to cover additional costs associated with such special facilities.

If a person who chooses to use Public transport with the privately owned vehicle the person shall be reimbursed the costs of driving to the destination or flying to the destination.

Any person, who does not receive any travel allowances, may obtain authorisation from the fleet manager to use municipal vehicles. If such vehicles are not available the person can use his private vehicle or public. Where such cases arise the municipality must reimburse such person.

Any person receiving a fixed monthly travelling allowance is not entitled to drive a municipal vehicle; unless there is a prior authorization by the Municipal Manager under exceptional circumstances.

The cost of the vehicle rental if proof of expenditure can be produced and the Representative can demonstrate that vehicle rental was reasonably but unexpectedly necessitated by the circumstances

All flights by representatives of the municipality shall be in economy class, unless, in the case of emergencies, another class of travel is specifically authorized, by the Mayor in the case of travel by the Municipal Manager, and by the Municipal Manager in the case of travel by other officials of the Municipality and Councillors unless in emergency circumstances do not permit.

Wherever possible, the best airways Service Provider shall be used for air travel.

Reservations for rental cars and air travel must be made through a travel agent appointed by the Municipality for this purpose.

If a representative has to utilize his or her personal motor vehicle outside the boundaries demarcated for the municipality he or she will:

If he or she does not have a fixed monthly travelling allowance, be reimbursed at the applicable rate prescribed by the Department of Transport from time to time.

The distance to which the reimbursement applies, must be the shortest distance between the municipality's offices and the location where the official business is to be transacted.

Private vehicles may be used only in the absence of other suitable transport or if the use of private vehicles would be cheaper than using other means of transport.

A person may use any vehicle registered with the Department of Transport in South Africa regardless of ownership provided that person is a licensed Driver of that vehicle.

It will be incumbent upon the municipal official concerned to verify the factual usage of the vehicle in respect of which transport claim is made against

Where possible representatives must travel together, up to a maximum of two in a vehicle, to minimize travelling expenses.

If it is not practical to use rental cars, air travel or private vehicles, or if the use of such modes of transport would, in the opinion of the Municipal Manager, entail excessive expense, the Municipal Manager may require that alternative modes of transport, such as buses and trains, be used, subject to such conditions and limitations as the Municipal Manager may on an "ad hoc" basis stipulate.

If a representative requires special travel facilities due to such representative suffering from any disability, the Municipal Manager may authorize such additional expenditure as may be required to cover additional costs associated with such special facilities.

If a person who chooses to use Public transport with the privately owned vehicle the person shall be reimbursed the costs of driving to the destination or flying to the destination.

Any person, who does not receive any travel allowances, may obtain authorisation from the fleet manager to use municipal vehicles. If such vehicles are not available the person can



use his private vehicle or public. Where such cases arise the municipality must reimburse such person.

Any person receiving a fixed monthly travelling allowance is not entitled to drive a municipal vehicle; unless there is a prior authorization by the Municipal Manager under exceptional circumstances.

Any person receiving a fixed monthly travelling allowance is not entitled to use a municipal vehicle; as a transport mode unless there is a prior authorization by the Municipal Manager under exceptional circumstances.

## **9. SUBSISTENCE AND TRAVEL ALLOWANCES FOR PERSONS INVITED FOR INTERVIEWS AND ANY OFFICIAL MUNICIPAL BUSINESS**

No subsistence costs will be paid to any candidate invited for an interview, unless authorised by the municipal manager

No subsistence costs will be paid to any person invited for/attending any official municipal business. Unless there is a prior authorization by the Municipal Manager under exceptional circumstances, and **travel claim only to be paid at the rate deemed by the municipality**

## **10. AUTHORISATION OF OFFICIAL TRIPS TO BE UNDERTAKEN**

For purposes of implementing this policy:

- a) HODs shall authorize travel for Section Managers/Line Managers
- b) HODs shall authorize travel for staff in their departments for trips outside Ba-Phalaborwa Municipality.
- c) Section Managers may authorize travelling for the staff falling within their Division for trips within Ba-Phalaborwa Municipality area of Jurisdiction.
- d) Travel by the Municipal Manager may be approved by the Mayor.
- e) Travel by the Speaker may be authorized by the Municipal Manager on the recommendation of the Mayor or Deputy Mayor;
- f) Travel by the Mayor may be authorized by the Municipal Manager on the recommendation of the Speaker;
- g) Travel by other Councillors may be authorized by the Municipal Manager on the recommendation of the Mayor.

Travel may be authorized only if provision for such travel is made in the applicable departmental budget.

An invitation to attend a workshop, meeting or related event is not an automatic authorization to attend such workshop or event. Authorization must still be obtained as required.

Notwithstanding other provisions this policy, a belated submission of a written Trip authorization request will be condoned in request of all local official trips undertaken within the area of jurisdiction of the Municipality

### **Definition of Municipal business is as follows:**

- a) Representation of the Municipality in any event or meeting or function.

- b) Internally organized or arranged event/function/meeting with an invitation from the Chief Accounting Officer.
- c) Non-Municipal business is Councillors constituency work and any other function/event/meeting attended not in representation of the Municipality.

## **11. ATTENDANCE OF CONFERENCE, WORKSHOP OR MEETING**

Council delegates or representatives to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event. If any representative fails to do so, mayor or the municipal manager, as the case may be, may recover all allowances and disbursements paid to enable such delegate or representative to attend such event, provided that such delegate or representative is Subsistence and travelling policy, Afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event

## **12. APPROVAL SUBSISTENCE AND TRAVELLING CLAIMS**

Only the Municipal Manager shall approve any S&T Claim/s submitted by the Head of Department.

Heads of Departments shall approve any monthly S&T Claim submitted by the staff in their departments for trips outside Ba-Phalaborwa Municipality; approval by the Municipal manager is still required.

S&T Claim/s submitted by the Municipal Manager shall be approved by the Mayor;

S&T Claim/s submitted by the Speaker shall be approved by the Municipal Manager on the recommendation of the Mayor or Deputy Mayor;

S&T Claim/s submitted by the Mayor shall be approved by the Municipal Manager;

S&T Claim/s submitted by other Councillors shall be approved by the Municipal Manager on the recommendation of the Mayor. Subsistence and travelling policy

Notwithstanding travel may be authorized only if provision for such travel is made in the applicable departmental budget.

The claimant shall be informed of his/her claim should it be approved with changes or disapproved by the person responsible to approve the claim within 7 calendar days of approval or disapproval

## **13. PROCEDURES FOR CLAIMS AND PAYMENT THEREOF**

Subject to the provisions of this section 10, the Municipal Manager may prescribe procedures (including time limitations) and forms for

The application for authorization to travel

The claiming of subsistence allowances and expenses

The making of reservations;

A privately owned vehicle log book;

Any other matter or thing which is necessary in order to give effect to the provisions of this policy.

Such procedures must be recorded in writing and made available to staff and Councillors.

The Municipal Manager may amend, withdraw, substitute or supplement such procedures and forms.

All such procedures in force at any time shall be deemed to form part of this policy at such time. Subsistence and travelling policy

A copy of the invitation or the first three pages of the agenda or programme for the event to be attended by the representative must be attached to a copy of a completed trip authorization form.

A copy of an approved trip authorization form with its annexure/s must be attached to any S&T Claim form.

Claims for toll and parking fees must be accompanied by valid receipts issued by the toll or parking authority.

Claims may be submitted by a representative only once a month, after that representative has completed all of his/her trips for the month,

The representative must submit subsistence and travel claims on the 15th day of each month.

All S&T claims not submitted within a period of three (3) months after inception shall be forfeited.

All S&T claims not submitted within the same financial year except the claim pertaining to the last month of the financial year will be automatically forfeited. Subsistence and travelling policy

Recommendation and approval transactions shall be performed in the Department in which the employee is attached to irrespective of the reason for official travelling

The S&T expenses of any employee shall be defrayed from the relevant vote of the department in which the employee is appointed irrespective of the reason for official travelling.

Reimbursements for travel claims and subsistence allowances shall be made through normal payroll procedures, and shall be subject to any deductions that may be required for tax purposes

Only the Municipal Manager on the recommendation of the Director: Corporate Services may authorize travelling by candidates attending interviews.

#### **14. COMMENCEMENT**

This Policy will come into effect on the date of adoption by the Council

## **15. INTERPRETATION OF THIS POLICY**

All words contained in this policy shall have the ordinary meaning attached thereto, unless the definition or context indicates otherwise.

Any dispute on interpretation of this policy shall be declared in writing by any party concerned.

The Municipal Manager shall give a final interpretation of this policy in case of written dispute. Subsistence and travelling policy.

If the party concerned is not satisfied with the interpretation, a dispute may then be pursued with the South African Local Government Bargaining Council

## **16. PERMANENT/TEMPORARY WAIVER OR SUSPENSION OF THIS POLICY**

This policy may be partly or wholly waived or suspended by the Municipal Council on temporary or permanent basis.

Notwithstanding clause the Municipal Manager may under circumstances of emergency temporarily waive this policy subject to reporting of such waiver or suspension to Council.

## **17. COMPLIANCE AND ENFORCEMENT**

Violation of /non-compliance with this policy will give cause for disciplinary steps to be taken.

It will be the responsibility of Council to enforce compliance with this policy.

All benefits accruing from the use of various service providers contemplated in this policies to the Users shall not be prohibited by the Municipality

## **18. AMENDMENT AND/OR ABOLITION OF THIS POLICY**

## **RECOMMENDATION**

That Council note the increase of subsistence allowance as per the SARS guide from the first of April 2020

Incidental cost increase from 134- 139 per day

Meals and incidental cost on (own arranged accommodation) from 435 to 452 per night

