

MEMORANDUM OF AGREEMENT: TRANSPORT ALLOWANCE AND LOAN SCHEME FOR LEVELS 4 AND LOWER

Clause 1

1. Transitional Conditions

- 1.1 Employees who were participating in the transport allowance and loan scheme of 1989, will be entitled to the conditions and stipulations of this agreement for the period that they occupy their current positions.

Clause 2

2. Definitions

For the purposes of the scheme, the following definitions shall apply:

- 2.1 "Day" means a working day in the service of the participating local authority.
- 2.1.1 "Purchase Price" means an amount equal to 100% of the incumbent's salary/a, as applicable on the date of entry into the scheme, and which amount will be fixed for a period of 3 years.
- 2.2 "Running transport allowance" means the running cost multiplied by the actual distance travelled for the execution of official duties, subject to the maximum distance, as stipulated by the scheme.
- 2.3 "Running cost" means the tariff in cent/km for a vehicle with a maximum cylinder capacity of 2 000 cc, as specified in the appropriate AA Tables for (i) fuel, cost and (ii) maintenance cost.
- 2.4 "Ownership cost" means the sum of the fixed-, fuel- and maintenance costs.
- 2.5 "Private transport" means the private vehicle used by an employee for official purposes.
- 2.6 "Maximum kilometre distance" means the maximum kilometre distance applicable to calculate the running cost.
- 2.7 "Total fixed cost" means the actual fixed cost (capital and interest redemption) calculated at 100% of the employee's salary, plus a 2.5% insurance allowance, calculated at 100% of the employee's salary.
- 2.8 "Fixed average kilometre cost allowance" means the running cost multiplied by the fixed average kilometre distance/m.

- 2.9 "Fixed average kilometre distance" means the fixed distance as determined by the Council for a specific position.
- 2.10 "Transport bearing position" means a position that was determined as such by the Council, to which a fixed-, or running transport allowance is coupled, and which qualifies for a vehicle loan in terms of the scheme.
- 2.11 "Transport Allowance Scheme" means this scheme, as was agreed upon between the MEO and the Association.

Clause 3

3. Objectives of the Scheme

To put an agreement in place that provides an opportunity to employees who utilize private transport for the execution of official duties, to participate in a transport allowance scheme, subject to Council's approval.

Participation is thus primarily determined by the utilization of private transport in the execution of official duties, regardless whether the utilization of such transport is temporary, ad-hoc or continuous of nature, and the specific type of compensation that will be payable in terms of the scheme, will be determined by taking into account cost effectiveness and economical factors.

The agreement is furthermore subject to the following starting-points:

- 3.1 The transport allowance scheme must be fair to the Council and to the employee and shall have the primary objective to compensate transport expenses for the execution of official duties.
- 3.2 The transport scheme should provide an efficient and effective compensation basis, as well as stipulate benefits and provisions with regard to employees who utilize private transport for the execution of official duties, either because official transport is not available, and / or because it was agreed upon and approved by Council that private transport will be utilized for official purposes.
- 3.3 To allow Council to approve in-house policy, based on local conditions, within the stipulations and conditions of the scheme

Clause 4

4. Requirement for Participation

- 4.1 Participation is primarily determined by the requirement that the utilization of private transport will be more beneficial to the Council, than

the provision of an official vehicle: participation in the scheme is thus determined and limited by cost advantages and economical considerations.

An incumbent of a specific position must furthermore meet the following requirements for participation, namely:

- 4.1.1 A minimum distance of 300 km/m shall be travelled by an employee to execute normal official duties in his / her employer's service, excluding distances between work and residence.
- 4.1.2 It should be a necessity that the incumbent of a specific post shall have the exclusive use of a vehicle for the execution of his official duties, on a daily basis.
- 4.1.3 The private vehicle shall be available on a daily basis for official purposes.
- 4.1.4 A maximum of 1 166 km/m can be allowed, whereafter the Council can decide to provide official transport to the incumbent/s concerned.
- 4.2 An employee who complies with the above-mentioned stipulations, and who on request of –and the approval of his/her employer, utilize a private vehicle for the execution of his/her official duties, is thus a Scheme participant and is as such entitled to scheme benefits, but is as such also subject to all the conditions and the limitations of this Scheme.
- 4.3 An employee who does not qualify in terms of the above-mentioned conditions; can, on request of the municipality, utilize private transport for temporary –or ad hoc trips.

Clause 5

5. STIPULATIONS OF THE TRANSPORT ALLOWANCE SCHEME

5.1 Classifying and calculation of transport allowances

Provision is made in accordance within this agreement for the payment of a transport allowance for the utilization of private transport for ad-hoc-, temporary- or continuous journeys for the execution of official duties.

The transport allowance compensates an incumbent of a transport bearing position for financing and insurance costs, as well as running costs.

For classifying purposes, it is distinguished between the following types of transport allowance:

5.1.1 Monthly transport allowance

Incumbents who qualify for a monthly transport allowance, must have private transport available on a daily base for the execution of official duties.

The monthly transport allowance is however subject to the following conditions, namely that:

- (i) No official transport be provided to such incumbents;
- (ii) That journeys between residence and place of work do not form part of the allowance;
- (iii) That all requirements contained in the scheme are complied with.

Monthly transport allowance consists of the following elements:

5.1.2 A fixed allowance is payable to incumbents of transport bearing positions.

This allowance is the actual cost (capital and interest redemption plus insurance of 2,5%) calculated at 100% of the employees sal/a, and is comparable to the typical expense that the Council would normally have encountered to provide official transport. It can thus be considered as compensation for fixed costs that the employee concerned normally would have encountered for the obtaining, reserving, and providing of private transport for official purposes, where the purchase price of the vehicle is equal to 100% of the incumbents sal/a, and which is fixed for a period of 3 years.

5.1.3 Running cost

Running cost consists of the cost of fuel and maintenance/km, as provided in the AA-tables, calculated on actual cylinder capacity, subject to a maximum of 2 000cc.

The monthly allowance will be paid in accordance with one of the following two methods:

5.1.3.1 Fixed average running cost allowance: where a fixed average distance is determined for the execution of the official duties of a specific position, or

5.1.3.2 Running cost allowance: the actual distance as determined by a monthly log-sheet, with the understanding that the running cost allowance will be restricted to the actual distance travelled, and that this actual distance travelled will be subject to the maximum kilometer/m restriction, as determined by the Council for all transport bearing positions.

The Council will determine which of these two methods will be applicable to a specific position and / or employee.

5.2 Ad-hoc transport allowance

In cases where employees in non-transport bearing positions, as a result of specific circumstances, are requested to utilize private transport on ad-hoc – or temporary base for official purposes, such employees shall be compensated as follows:

- 5.2.1 Daily average fixed cost/km of the AA-tariff for vehicles travelling 14 000 km/a, calculated on the purchase price of the specific vehicle, as indicated in the Auto Dealer's Digest, up to a maximum of 100% of the employee's sal/a, plus
- 5.2.2 The average running cost/km, of the AA-tariff for the average running cost over 4 years, calculated on the actual cylinder size of the specific vehicle, to a maximum of 2 500 cc.

5.3 Determination of kilometre distance

5.3.1 Fixed average kilometre distance and maximum kilometre distance

For the determination of distances with regard to the fixed average kilometre restriction in the case of a fixed average running cost allowance, the following will be applicable:

- 5.3.1.1 The Council shall determine whether employees who qualify to participate in the scheme, should keep monthly log-sheets, or whether the compensation will be based on a fixed average distance/m. The employee concerned, will be informed in writing of the fixed kilometre distance, once it has been determined.
- 5.3.1.2 When the Council has determined that a fixed average running cost allowance will be payable for the execution of the official duties of a specific position, a provisional average will be calculated to the nearest 25 km, based on a report by the director concerned. This report will serve only as a base to determine a provisional average fixed kilometre distance for the first month.
- 5.3.1.3 Immediately after the determination of the provisional average fixed kilometre distance, the incumbent of the specific position concerned, shall keep daily log-sheets of trips that are approved as official by the director. After log-sheets have been kept for a period of 3 months, the official kilometres travelled over 3 months shall be divided by 3, to determine the official distance/m.

- 5.3.1.4 For purposes of daily log-sheets as mentioned in 5.3.1.3, approved official trips outside the jurisdictional area, that forms part of the normal official duties such a position, shall be included.
- 5.3.1.5 For approved official trips outside the jurisdictional area, that do not form part of the normal official duties of the specific position, the employee will receive additional compensation for such kilometres for running cost only, if approved by the director concerned.
- 5.3.1.6 The standard forms and procedure, as determined by the Council, shall be used for the keeping of daily log-sheets for official trips. A certificate from the internal auditor is also required, in addition to the director's report, that shall include a test reading, in co-operation with the Council's Inspector of official vehicles, of the odometer reading of the specific vehicle.
- 5.3.1.7 In all cases where log sheets are kept, the official trips shall be certified as necessary for the execution of the employee's normal official duties, by the Supervisor concerned, and shall exclude journeys between residence and place of work.
- 5.3.1.8 In a case where the incumbent of a transport bearing position requires a re-determination of the fixed kilometre distance for his / her position, written notice shall be provided by the employee to the director concerned. Seven days after the written notice has been submitted to the director, the employee concerned shall start to keep daily log sheets, as stipulated in 5.3.1.3 to 5.3.1.7, for a period of 3 months.

5.4 Temporary or ad-hoc transport allowance

A claim for a temporary or ad-hoc transport allowance shall be confirmed by the director of the employee concerned, certifying the purpose and actual distance of the official trip.

5.5 Calculation of transport allowance

- 5.5.1 After the Council has determined a specific position as transport-bearing, in accordance with Clause 4, a transport allowance will be calculated in accordance with the stipulations of the Scheme.
- 5.5.2 With regard to periods of unpaid leave, or the period of a calendar month before an employee concerned has commence duties in a transport-bearing position, the total monthly transport allowance shall be reduced on a pro-rata basis, unless it was specifically agreed upon otherwise by the parties concerned.
- 5.5.3 The total monthly transport allowance will not be adjusted as a result of approved absence from duty.

5.6 Suspension of transport allowance

5.6.1 Should the incumbent of a transport bearing position on his own request be transferred to another non-transport bearing position, no transport allowance shall be payable with effect from the date of the transfer.

5.6.2 Should the Council resolve to retract an employee's transport allowance for reasons other than that in 5.6.1, the Council shall give such employee 6 months written notice of such retraction, and the employee shall receive a monthly allowance calculated on the basis of:

5.6.2.1 A fixed cost allowance for the remaining term of the loan, if any, plus

5.6.2.2 A running cost allowance only if official trips are undertaken during the period as in 5.6.2.1, with the understanding that where there are no loan obligations, a fixed cost allowance as stipulated by the scheme, plus running cost as determined in 5.6.2.2, will be payable for a period of 6 months.