

TSWELOPELE MUNICIPALITY

COUNCILLOR'S VEHICLE POLICY

[CMM 6.3 - 30/05/2002]

The EXCO resolved as follows per ECM 11.9 - 16/05/2002:

COUNCIL VEHICLE POLICY

(3/B)

"RESOLVED that the Manager Financial Services investigate the possibility of a vehicle scheme for Councillors whereby:

- ⇒ Council purchase a vehicle for a Councillor in accordance with his / her allowance;
- ⇒ Where the traveling allowance portion of a Councillor's allowance be deducted as installment on the redemption of the vehicle;
- ⇒ Where the Councillor undertakes in writing that any outstanding amount on such vehicle be deducted from his / her Pension Fund lump sum should he / she wish to keep the vehicle.

Further that the Mayor, Speaker, cllr Motsoeneng and the Manager Corporate Services investigate a proper Policy in this regard.

RESOLVED further that cllr FT Matsholo be excluded from this proposed scheme as he already had a vehicle, but that the funding redemption for the needed repairs to his vehicle be dealt with in the same way as envisaged above."

As no guidelines / draft policies existed in this regard, the matter was investigated and the following were established:

- ⇒ There was no such existing Policy in the Free State;
- ⇒ SALGA could also not assist and indicated that a national policy was not yet available;
- ⇒ In terms of section 84[g] of the Local Government Ordinance, 1962 MEC approval must be obtained before Council applied for any loan / financing in this regard;
- ⇒ The Pension Fund for Councillors indicated that Council could not attach / deduct any moneys from a Councillor's Pension Fund lump sum - i.e said funds [lump sum] will be paid directly into such

individual Councillor's bank account. Council will therefore not be in a position to deduct any outstanding monies from Councillor's Pension Fund;

- ⇒ Should a lot [eg 10] vehicles be bought / insured at once by Council this would constitute a "fleet", individual Councillors and their full-time Councillors applied to Council to take part in the Municipal Vehicle / Travelling Scheme in place in Mangaung.

The following Policy was approved by Council per CMM 6.3 - 30/05/2002:

A. PROPOSED [DRAFT] VEHICLE POLICY FOR FULL-TIME COUNCILLORS [MAYOR AND SPEAKER]

It is proposed that the Mayor and the Speaker take part in the vehicle scheme as set out hereunder:

1. Motor Vehicle Loan or Subsidy

- 1.1 To assist the **Mayor / Speaker** to purchase a motor vehicle the **Council** will grant to the **Mayor / Speaker** a loan equal to -

1.1.1 The purchase price of a motor vehicle [inclusive of value-added tax] as shown on a tax invoice of a dealer in motor vehicles: Provided that the purchase price of said motor vehicle will not exceed R 200 000-00. The choice of the motor vehicle is in the exclusive discretion of the Mayor / Speaker.

- 1.2 Whenever the **Council** cannot grant a loan in terms of clause 1.1 the **Council** must pay to the **Mayor / Speaker**, monthly together with his allowance an amount equal to the difference in interest between a loan for a period not exceeding 72 [seventy two] months at 8 [eight] per centum interest per annum and the prime interest rate charged by the **Council's** bank or the interest rate paid by the **Mayor / Speaker** in respect of the financing of such vehicle, whichever is the lesser amount.

- 1.3 The term of a loan in terms of clause 1.1.1 may not exceed the term of office of the Mayor / Speaker or 72 [seventy two] months, whichever is the shorter.

- 1.4 The **Council** may grant a new loan to the **Mayor / Speaker** after any period shorter than 3 [three] years from the granting of an existing loan, if the vehicle in respect of which a loan had been granted -

- 1.4.1 was scrapped by the insurance company concerned;
 - 1.4.2 had been stolen;
 - 1.4.3 had been seriously damaged and the cost of repairs would exceed 25 [twenty five] per centum of the market value of the vehicle as indicated in the Auto Dealers Digest; or
 - 1.4.4 had traveled 72 000 [seventy two thousand] kilometers for official purposes: Provided that the **Mayor / Speaker** submit proof to the **Council** of such distance.
- 1.5 An interest rate of 8 [eight] per centum per annum on the decreasing balance applies to any loan in terms of clause 1.1.1.
- 1.6 The outstanding balance of any loan, if any, is payable in cash or by bank guaranteed cheque on or before the last day of Office of the **Mayor / Speaker** at the Head Office of the **Council**.
- 1.7 Where the **Council** or any external financial institution provided a loan in terms of clause 1.1.1 the **Council** must -
- 1.7.1 Include the insurance of any vehicle in its Insurance Policy.
- 1.8 It is specific condition that the **Mayor / Speaker** will not be entitled to use any vehicle of the **Council** for the performance of his functions or the discharge of his duties.

2. TRAVELLING ALLOWANCE

- 2.1 The **Council** will pay the **Mayor / Speaker** a monthly traveling allowance payable together with his allowance which is calculated as follows:
- 2.1.1 A fixed cost allowance stipulated in the "Fixed Cost per month" [shown in cent / km] - 10 000 column of Table A of the Vehicle Operating Cost table issued from time to time by the Automobile Association of South Africa read off against the purchase price of the vehicle, multiplied by X kilometers. ☆
 - 2.1.2 A variable cost allowance based on the engine capacity of the motor vehicle referred to in clause 2.1.1 read off the "Total Running Cost" Column - Table B of the Vehicle Operating Cost table issued from time to time by the Automobile

2.2 In respect of official journeys undertaken -

2.2.1 outside the Municipal Area of the **Council**.

The **Mayor / Speaker** is entitled, upon submission of a claim, [accompanied by supporting documents] to a travelling allowance for every kilometer traveled on official business calculated as set out in clause 2.1.2.

- ☆ NOTE: The kilometers allowable must be calculated in accordance with the traveling allowance of the Mayor / Speaker [i.e not to exceed the 25% travelling allowance of the Mayor / Speaker [i.e not to exceed the 25% travelling allowance portion], the purchase price of the vehicle and the engine capacity of the vehicle. The MEC's consent must be obtained, should the monthly 25% travelling allowance as set out in the Government Gazette of December 2000 be exceeded.

3. GENERAL CONDITIONS

3.1 In order to qualify, the Mayor / Speaker must be in possession of a valid drivers licence.

3.2 The Mayor / Speaker must enter into a contract with the Council whereby it is ensured that all outstanding monies owed to the Council by the Mayor / Speaker will be paid immediately to Council in the event of:

- ⇒ death [see clause 1.7.2];
- ⇒ end of term of office;
- ⇒ removal from office;
- ⇒ resignation from office; or
- ⇒ the 25% [travelling allowance] which was deducted from the Mayor's / Speaker's Allowance was not sufficient to redeem the loan in the specified period.

3.3 The Mayor / Speaker will be responsible for the motor vehicle's maintenance.

B. PROPOSED [DRAFT] VEHICLE POLICY FOR PART-TIME COUNCILLORS

1. Motor Vehicle Loan

- 1.1 In order to assist a Councillor to purchase a motor vehicle Council will grant to the Councillor a loan equal to the purchase price of a motor vehicle [inclusive of value-added tax] as shown on a tax invoice of a dealer in motor vehicles: Provided that the purchase price of said motor vehicle will not exceed R 60 000-00. The choice of the motor vehicle is in the exclusive choice of the Councillor.
- 1.2 Interest at a rate of 8% per annum will be charged by Council in respect of the above-mentioned loan.
- 1.3 Said loans will be granted to Councillors who qualify in phases [i.e as and when funds are available].
- 1.4 The term of the loan in terms of clause 1.1 may not exceed the term of office of the Councillor or 72 months whichever is the shortest.
- 1.5 The Council will deduct the 25% travelling portion of the Councillor's allowance on a monthly basis as redemption on the loan envisaged in clause 1.1 and if the amount is not sufficient the Councillor must either pay the difference in to the Council on a monthly basis or the outstanding balance of the loan, if any, is payable in cash or by bank guaranteed cheque on or before the last day of office of the Councillor concerned.
- 1.6 It is a specific condition that a Councillor to whom a loan has been granted will not be entitled to use any vehicle of the Council for the performance of his / her functions or the discharge of his / her duties.
- 1.7 The Councillor will be responsible to obtain adequate insurance for the vehicle concerned and provide proof to the Council of said.
- 1.8 Fuel [either per Official Order Form or from the Municipal Stores] will only be supplied by Council on the following condition:
 - ⇒ the submission of an official claim form or Trip Authorisation Form ["Ritmagtiging"] accompanied by proper supporting documents authorising the

trip and duly approved by the Mayor and Speaker. Logbooks of trips must also be kept by the Councillor.

1.9 The Councillor will be responsible for all maintenance to the motor vehicle.

1.10 The following general conditions will apply:

1.10.1 In order to qualify the Councillor must be in possession of a valid drivers licence.

1.10.2 The Councillor must enter into a contract with Council whereby it is ensured that all outstanding monies owed to Council by the Councillor will be paid immediately to Council in the event of:

- ⇒ death [see clause 1.6];
- ⇒ end of term of office;
- ⇒ removal from office;
- ⇒ resignation from office; or
- ⇒ the 25% [travelling allowance] which was deducted from the Councillor's allowance was not sufficient to redeem the loan in the specified period.