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Department:
Public Works and Roads
North West Provincial Government
Republic of South Africa

**SUBSIDISED VEHICLE POLICY
2018/19**

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NORTH WEST PROVINCE

DEPARTMENT OF PUBLIC WORKS, ROADS & TRANSPORT POLICY ON SUBSIDISED VEHICLES

1. PURPOSE

To provide a policy document for the procurement and utilization of subsidized vehicles. The emphasis of this document is based on the principle that the provision of a subsidized vehicle to an Officer is a work facility, which must enable him to undertake essential and approved official trips and be able to perform duties in those cases where the use of other available government transport is neither practical nor economical.

2. QUALIFICATION CRITERIA

The provision of a subsidized vehicle is not a service benefit and will only be awarded under the following specified circumstances:

- 2.1 Where an Officer's duties necessitate the personal and official use of a motor Vehicle and provisioning of a subsidized vehicle is in the interest of the Department;
- 2.2 Where the Officer travels extensively, on average between 1 750 and 2 500 official km's per month for scheme A and between 600 and 1 700 km for Scheme B;
- 2.3 Through recommendation, the Departmental Transport Committee recommends to the Head of Department who will approve the request if it is in the best interests of the Department.
- 2.4 It is the responsibility of the respective directorate to ensure that both the official and (in the case of disables persons) the nominated driver have a valid driver's licence when provided with a Subsidised Motor Vehicle.
- 2.5 Hence, an official may not loan, or permit any person to make use of his/her Subsidised Vehicle for official purposes in his/her absence.

3. Departmental Transport Committee

- 3.1 Member of Departmental Transport Committee (DTC) should be appointed annually by the HOD.
- 3.2 The DTC should comprise of at least one senior official from each directorate and should be well representative of all four programmes. The committee should comprise of at least 6 members.
- 3.3 The Departmental Transport Officer needs to form part of the committee. Depending on the committee, the Transport Officer can attend the entire meeting or only for the discussion of the subsidized vehicle applications.

SCHEME A

4. BUDGET AVAILABILITY

- 4.1 The Program Manager must ensure that the budget is available prior to approval and submission of application form, and should cover the following:-
 - (a) capital allowance
 - (b) maintenance allowance;
 - (c) Insurance;
 - (d) fuel allowance; and any other relevant pertinent costs;

(e) budget certificate

4.2 No application will be considered by DTC without confirmation of budget from the relevant programme managers.

5. APPLICATION PROCEDURE

An Officer who qualifies to participate in the subsidized vehicle scheme will submit his application to the Secretariat of the Departmental Transport Committee as follows:-

5.1 Complete application form Z.81. This form should be recommended by the Supervisor / Director and countersigned by the Chief Director;

5.2 For renewals, subsidized cars and pool cars employees must attach the following:-

5.2.1 Last six months official kilometres travelled with a previous sub-vehicle, pool vehicles and or private vehicle as approved by the Head of the Department. If kilometres travelled do not reflect the actual situation due to other circumstances, full details and motivation should be submitted plus the duly signed Official's job description. This is very important to ensure that the official complies with the contractual obligations of the minimum monthly official kilometres of 1 750, with the financing institution;

5.2.2 The affordability test on the Officer's current situation from a financial institution

5.3 By signing the Z81 vehicle application form, the official will enter into an agreement with the State for the utilization of the subsidized vehicle.

5.4 A funds certificate approved by the Program Manager.

6. VEHICLE ALLOCATION CRITERIA

The Committee will consider the vehicle benchmark, provided it is within the Policy that the cheapest and smallest vehicle for the requirements of the post will be approved. The following criteria will be used in determining the appropriate vehicle in line with the job content of official:-

6.1 Maximum engine capacity for a sedan vehicle is **1.800 cc** and **2.500 cc** LDV;

6.2 The Department will under no circumstances allocate a 4 X 4 LDV/Double Cab type vehicles, SUV's and MPV's or vehicles seating more than five passengers including the driver;

6.3 Where an Officer applies for a double cab it can only be a **2.500 cc** with a diff lock (4x2);

6.4 Officials who prefer to buy a more expensive vehicle (larger engine capacity) will only be allowed to do so if he/she will pay in the different in cash, prior to the signing of the contract with the financing institution or arrange with the financial institution for additional financing;

6.5 No application will be considered if the Officer will retire before the end of the premature withdrawal period which is thirty two (32) months of the contract period;

6.6 The Officer must be in a position to afford such repayments for the full period of the contract.

7. PROCEDURE AFTER APPROVAL

As soon as the application is approved by the Head of Department, the Secretariat of the DTC will issue a letter of approval. The Secretariat of the DTC will forward the following documentation to the Financing Institution as would be appointed from time to time:-

7.1 Original approval letter from the Department;

7.2 Copy of application form (Z.81);

7.3 A completed application form from an approved financial institution;

7.4 Certified copies of identity document and driver's license;

7.5 Certified copy of recent pay slip(not longer than three months);

7.6 Proof of residence not longer than three months;

7.7 Three months bank statement;

7.8 Recent Salary advice;

8. ISSUING OF SUBSIDISED VEHICLES TO MIDDLE MANAGEMENT MEMBERS (MMS)

MMS Officials that take part in Scheme A of the Subsidized Motor Vehicle Transport Scheme will not be allowed to structure for a motor vehicle allowance but can structure their packages according to the other provisions that were made by the Department of Public Service and Administration

8.1 The Department of Public Service and Administration introduced the inclusive flexible remuneration package system for members of the middle management services (MMS) on salary levels 11 and 12, employed in terms of the Public Service Act of 1994 and the Correctional Services Act of 1998, with effect from the 1st of July 2005.

8.2 The provision for an official to structure for a motor vehicle allowance forms part of the officials remuneration package, whereas the Subsidized Motor Scheme is regarded as a work facility provision and hence needs to be treated separately.

8.3 Officials on Salary levels 11 and 12 that want to take part in the subsidized motor transport scheme can only do so once they have met the minimum qualifying criteria of the scheme.

8.4 Officials that take part in Scheme A of the Subsidized Motor Transport scheme will not be allowed to structure for a motor vehicle allowance but can structure their

packages according to the other provisions that was made by The Department of Public Service and Administration.

8.5 Officials can only structure the salaries for a car allowance upon completion of the subsidized vehicle contract and once they have met all the obligations as set out in the Z81 application form.

9. INSURANCE

The Department will ensure that all vehicles are insured before the Official takes charge of the vehicle

10. REGISTRATION AND LICENSING

On receipt of the particulars necessary for the registration and licensing of the subsidized vehicle, the Officer will ensure that the vehicle is registered and licensed at the local Licensing Authority. The cost of this registration and licensing, for the full period, will be borne by the Officer.

11. LOGSHEET

Completed log-sheets must be forwarded to the Transport Division before the 5th of every month in order for them to submit it to the Service Provider before the 7th of the month. All official trips must be approved prior to the trip. Fuel claims will be paid according to the engine capacity of the vehicle approved and not necessarily the vehicle purchased.

Should the vehicle not be used at all during a particular month, or used only for private purposes during a particular month, then log-sheets must nevertheless be completed. All private distances (although exclusively for the user's cost) must be captured on the log-sheets and should also include trips between home and work. Kilometres travelled when taking a vehicle for service is regarded as private.

12. WITHDRAWAL AND RELIEF VEHICLES

The official utilisation period for a Subsidised Vehicle shall be for a minimum period of 32 months and a maximum period of 48 months. The official must complete the contracted utilisation period that has been negotiated per individual contract with the service provider.

No vehicle will be withdrawn before it has completed thirty two (32) months in use and:-

12.1 Where, for any reason, through dismissal, retirement, ill health, resignation, retrenchment or transfer to a post where a subsidized vehicle is not justified, the monthly allowance will be terminated on the date of withdrawal. Under these circumstances the individual would then be responsible for negotiating with the service provider to settle the outstanding balance on the vehicle as specified;

12.2 Where the vehicle is temporarily withdrawn from service for repairs after an accident or any other reason, the official will supply alternative transport ~~own~~ cost.

All official trips will be claimed back on the subsidized vehicle tariff. Owners of subsidized vehicles are not allowed to make use of pool vehicles;

12.3 Where the Officer does not submit his returns regularly or fails to travel officially in line with the agreed terms, the concession in respect of the subsidized vehicle will be terminated and the Officer will be liable for the total monthly instalment to the financing institutions.

12.4 Further, the official has to complete the official mileage as agreed with the State, subject to the conditions set out in application form (Z81).

12.5 Normal withdrawal

12.5.1 Normal withdrawal of a vehicle is the withdrawal of the vehicle after the completion of the 36, 42, 48, 54 or 60 month contract period or kilometres as per application form (Z81) whichever comes first or in the event of an official resigning, passing away or being promoted.

12.5.2 The contract between the official and the RT68 finance service providers will terminate on the date of expiry of the contract once all repayments as specified at the time of the contract signature was done.

12.5.3 The vehicle will remain insured till the last day of calendar month in which the termination of the finance agreement was done.

12.5.4 The finance, maintenance and insurance service providers need to be informed of normal withdrawals. Where possible such notification should be given three months in advance.

12.6 Pre mature withdrawal

12.6.1 An official can request for a vehicle to be withdrawn from the scheme prior to the expiry of the contract period under the following conditions:

12.6.2 If it can be proven that the vehicle has continuous mechanical breakdowns that cannot be resolved.

12.6.3 The official leaving the employment of the state.

12.6.4 Early retirement due to medical reasons.

12.6.5 Promotion of an official to the level of Director.

12.6.6 Promotion or transfer of the official to a position where a vehicle will not be required.

12.6.7 Official has complete a minimum of 36 months of the contact and has met the required official kilometre as per contract (in such a case, the official will be responsible for payment of the outstanding amount on the vehicle).

13. MONTHLY TRAVEL ALLOWANCE

13.1 If an official exercises the option to purchase a **more expensive** vehicle other than that which is approved by the Head of the Department, the monthly travel and other allowances will be limited based on the approved benchmark.

13.2 If an official exercises the option to purchase a **less expensive** vehicle than that which is approved by the Head of the Department, the monthly allowances will be based on the actual vehicle purchased.



14. Conditions with regard to the title deed (registration certificate) of the vehicle

14.1 The Title Deed of the subsidized vehicle reflects the finance service provider as appointed in terms of the National contract RT68 as titleholder and the subsidized vehicle owner (official) as owner. The official may only register the subsidized vehicle onto his/her name as titleholder and owner, when:

14.1.1 The full amount of the purchase price has been repaid by the official

14.1.2 The official has met the requirements for the utilization of the vehicle in terms of the kilometres travelled or the period as agreed to between the official and the state in terms of the Z81 application form.

14.2 Should there be any outstanding kilometres or amounts owed to the department, the vehicle registration papers will need to be provided to the end user department up to such a time that the official has met the requirements or paid the outstanding amounts.

15. TRANSFERS BETWEEN DEPARTMENTS AND PROVINCES

Should an Officer transfer from one Province to the other or from one Department to the other, the Service Provider(s) must be notified immediately by the Transport Officer and the Officer concerned. The Departments, meaning the transferring Department and the receiving Department, must have agreed with such a transfer and the continued use of the vehicle in the receiving department.

The Department's Human Resources Directorate and/or the Relevant Director is obliged to inform the Transport Officer who will in turn table such for the Committee's consideration, before assumption of duties by such transferred Official.

SCHEME B

Scheme B can be utilized by officials that do not meet the minimum kilometer requirements of Scheme A or does not qualify for Scheme A.

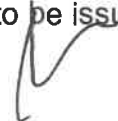
QUALIFICATION CRITERIA

The provision for an Official to structure for a motor vehicle allowance forms part of the Official's remuneration package, whereas the Subsidized Motor Vehicle scheme is regarded as a work facility hence it needs to be treated as such.

16. CONDITIONS FOR APPLICATION

16.1 Implementation

16.1.1 An official that wishes to partake in Scheme B will need to obtain formal approval from the Accounting Officer or delegated authority. Such an approval will need to include the vehicle category and engine size that is approved. Such an approval will still be subjected to the normal authority per trip to be issued by



the delegated authority.

- 16.1.2** All applications to partake in Scheme B should be submitted to the transport officer and recommended for approval by the DTC to the HOD.
- 16.1.3** Approved applications for Scheme B are valid for a period of **2 years** from date of approval. The applicant must reapply once 2 years lapses.
- 16.1.4** An official will make use of their own private vehicle and will be reimbursed on private rates for business kilometers travelled on a pre-agreed engine size and vehicle category as approved by the end user department.
- 16.1.5** In the event that the official is making use of a vehicle where the rate of the actual vehicle is lower than that of the approved vehicle, the department will reimburse the official on the lower rate.
- 16.1.6** An official making use of Scheme B may utilize a government vehicle as and when required with the relevant approvals from a delegated authority.
- 16.1.7** There is no age or kilometer restriction on a vehicles being utilized by official. It is the responsibility of the official to ensure that the vehicle is maintained, reliable and good running order.
- 16.1.8** Government will not assist any official partaking in Scheme B with any guarantee as may be required by a financial institution in the event of an official purchasing a new vehicle.
- 16.1.9** An official partaking in Scheme B cannot procure a vehicle from the RT57 vehicle procurement contract as utilized under Scheme A.
- 16.1.10** Officials partaking in Scheme B will need to adhere to the normal prescripts as implemented within their departments for claiming for official business kilometers travelled on the Private Rates as published by the Department of Transport.
- 16.1.11** The official will need to ensure that they have comprehensive business vehicle insurance. The cost for all maintenance, licensing fees, vehicle registrations and any costs incurred due to accident damage will be for the account of the official.
- 16.1.12** Officials need to ensure that their vehicles comply with the provisions of Road Traffic Legislation in terms of license and roadworthiness.

16.2 MMS and SMS

Officials who structure for a motor vehicle allowance in terms of the MMS dispensation must note the following;-

- 16.2.1** Officials must have restructured their salaries to allow for a car allowance

16.2.2 It is the Official's responsibility to maintain a suitable and reliable vehicle for the use of official trips

16.2.3 Should the Official's vehicle not be suitable for the terrain or road condition of a specific trip then the Head of Department may authorize the use of a vehicle as supplied by the Department;

16.2.4 Officials will need to complete a trip authorization form that needs to be signed off by the Official's Supervisor/Manager in terms of all business trips undertaken by the Official;

16.2.5 Officials will claim for official kilometres as from the 1st business kilometre travelled on the rates used for private vehicles as supplied by the National Department of Transport on a monthly basis.

16.2.6 In line with Cost Containment Measures, all MMS and SMS are required to adhere to the following travelling kilometre limits:

16.2.6.1 MMS and SMS members will be allowed to claim a maximum of 2500 kilometres per month. Approval to exceed the above mentioned limit will only be granted by the Accounting Officer or delegated official.

16.2.6.2 Invitation and/ or other supporting documents need to be attached with travelling claims to prove authenticity of the trip (Back to office reports and other relevant documents).

16.2.6.3 Officials will need to complete a trip authorization form (Itinerary) that needs to be signed off by the official's supervisor/ manager in terms of all business trips undertaken by the official.

17. OTHER LEVELS LOWER THAN MMS

Where an Official has a vehicle and decides to use it for official purposes then he must submit an application to participate under Scheme B

18. GENERAL CONDITIONS

On both categories the Official must ensure that:-

18.1 They present their vehicles for a bi-annual inspection on demand by Departmental Transport Officers

18.2 Officer's duties necessitate the personal and official use of a motor vehicle and provision of a Scheme B vehicle is in the interest of the Department. The officer travels, on average between 600 and 1 750 official km per month.

18.3 The remuneration rate paid for kilometre will be limited to the rate applicable to vehicles of those classes as per approved tariffs not exceeding 2000cc vehicle.

19. OPERATIONAL PROCEDURES

19.1 The Department will only honour claims as referred to in Clause 2 of this policy:

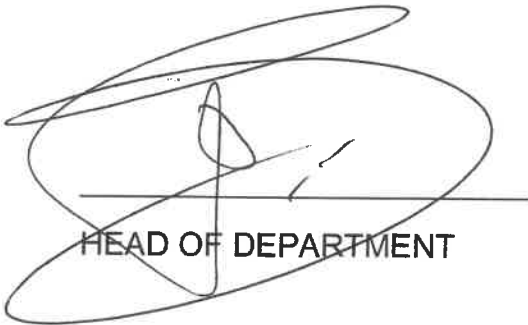
19.2 All officials' trips must be approved before any trip is undertaken.

20. TARIFFS

20.1 Official tariffs in terms of the use of motor transport as amended from time to time is payable to Officials for actual Official kilometres travelled. The payment is subject to the official completing a trip authorization and ensure that it is approved by the Program Manager before any official trip is undertaken.

20.2 In other for the department to align to the objectives of Cost Containment Policy, the following claim limits are applicable:-

CATERGORY OF OFFICIALS	MAXIMUM ALLOWED ENGINE CAPACITY CLAIMABLE
SMS	Actual capacity of engine used for official trips
MMS	Actual capacity of engine used for official trips
OFFICIALS OTHER THAN SMS AND MMS (Assistant Directors and below)	<ul style="list-style-type: none">• LDV Maximum Engine Allowed= 2000cc• Sedan Maximum Engine Allowed=2000cc• SUV Maximum allowed = 2000cc



HEAD OF DEPARTMENT

17/04/2018
DATE