

SUBSIDISED MOTOR VEHICLE POLICY

2024/2026



public works & roads

Department:
Public Works and Roads
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

1. INTRODUCTION

- 1.1. Participation of all Officials in the Subsidised Motor Vehicle Scheme should be recommended by Departmental Transport Advisory Committee (DTAC) and approved by a Head of Department (HOD) for the provision of a working tool to any Official that qualifies for the use of a subsidised vehicle in line with the minimum qualifying criteria;
- 1.2. The Department shall approve participation in the Subsidised Motor Vehicle Scheme based on it being practical, cost effective and being the most efficient method of transport to be provided to an Official for the execution of their duties.

2. PURPOSE

- 2.1. To provide a Policy document for the procurement and utilisation of subsidised vehicles. The emphasis of this document is based on the principle that the provision of a subsidised vehicle to an Officer is a work facility, which must enable them 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.

3. QUALIFYING CRITERIA

- 3.1. The provision of a subsidised vehicle is not a service benefit but a working tool and will only be awarded under the following specified circumstances:-
 - a) Where an Officer's duties necessitate the official use of a motor Vehicle and where the provisioning of a subsidised vehicle is in the best interest of the Department.
 - b) The applicant will complete Z81 for participation on Scheme A obtainable from the Transport Office or preferably through an online system of the **RT68** finance service to reduce discrepancies between the actual vehicle ordered and to reduce the turnaround time of processing the applications.
- 3.2. An Official will qualify for the Subsidised Vehicle, Scheme A if they travels for job related purposes a minimum of **105 000km** over the selected/chosen contract period. They will travel between **600** and **1 800km** for Scheme B as and when their job necessitate such travel. The table below serves as a guideline and sets out the minimum official



3.3. TABLE OF CONTRACT PERIOD

Contract Period in (Months)	Minimum Official KMs per (Annually/Yearly)	Maximum KMs per (Months)
32	39 400	3 300
36	35 000	2 950
42	30 000	2 500
48	26 400	2 200
54	23 400	1 950
60	21 000	1 750

- 3.4. An Official who qualifies for a shorter contract period may select a longer contract for the purpose of affordability of the vehicle with the same minimum required kilometres. An official cannot select a shorter contract period unless they adhere to the required contract kilometres;
- 3.5. Any claims by an Official that proves that they adhere to the minimum requirements of the Subsidised Vehicle Policy will need to be provided and this shall include the following:-
- 3.5.1. In the event that the job description and/or performance agreement and/or work plan and responsibilities of the official remain unchanged, a record from the previous maintenance service provider in terms of kilometres travelled or the submission of a log-sheet summary/travel history of the utilisation of the previous vehicle;
- 3.5.2. In cases where no statistics/travel history of official kilometres are available due to the creation of new posts or a new appointments, the total projected official assigned kilometres that the official shall undertake per month must be considered;
- 3.5.3. Log-sheets of the utilisation of a privately-owned vehicle (Scheme B) or a pool vehicle provided for a continuous period of a least six (06) months including those in where the official was a passenger must be provided (record of trip authorisation to be availed);
- 3.5.4. In the areas where their jurisdiction is limited but the daily need to use the vehicles is needed, proof of daily utilisation supported by proof of the trip will be required. This criterion is based on the on-going utilisation



compared to kilometres travelled and an official will in that case need to make use of a vehicle for official purposes at least 15 days per month. The official will need to substantiate the claims for utilisation of the vehicle by submitting his/her job description and/or performance plan;

3.6. In addition to the minimum requirements/above criterion:-

3.6.1. An Official need to be permanent employee of the state in order to participate in the subsidised motor transport scheme (Scheme A);

3.6.2. Probationers will participate on Scheme A only through the discretion of the Accounting Officer and their PMDS reports will need to be submitted along with their application for a subsidised vehicle;

3.6.3. The Official needs to be having a valid driver's license or the nominated driver for a physically handicapped official;

3.6.4. Every application will be treated and evaluated as new in terms of the job specification and/or work plan and/or performance agreement and responsibilities of the official irrespective of whether an official was issued with a subsidised vehicle previously.

3.7. All applications and provisions for subsidised motor transport will as a rule be done only through the Departmental Transport Advisory Committee **(DTAC)** that recommends to the Accounting Officer for approval if it is in the best interests of the Department;

3.8. An Official (vehicle owner) may not loan or permit any person to make use of their subsidised Vehicle for official purposes in their absence.

4. DEPARTMENTAL TRANSPORT ADVISORY COMMITTEE (DTAC)

4.1. Members of Departmental Transport Advisory Committee (DTAC) shall be appointed annually by the Accounting Officer;

4.2. The DTAC shall 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 six (06) members.

4.3. 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 subsidised vehicle applications and departmental transport policy reviews.



5. SCHEME A

5.1. Budget availability

5.1.1. The Program Manager must ensure that the budget is available prior to the approval and submission of application form, and should cover the following:-

- a) Six month log sheets and related summary report;
- b) Recent payslip;
- c) Identity document;
- d) Valid driver's license;
- e) Motivation signed by the Officer, Immediate supervisor and the relevant Programme Manager;
- f) Capital allowance;
- g) Maintenance allowance;
- h) Insurance; and
- i) Fuel allowance; and any other relevant pertinent costs.

5.1.2. No application will be considered by DTAC without confirmation of budget availability from the relevant programme managers.

6. APPLICATION PROCEDURE

6.1. An Officer who qualifies to participate in the subsidised vehicle scheme will submit their application to the Secretariat of the Departmental Transport Advisory Committee as follows:-

- a) Complete application form **Z.81**; and
- b) This form should be recommended by the Supervisor/Director and countersigned by the Chief Director.

6.2. On applying for subsidized vehicle the employee must attach the following:-

6.2.1. Summary of travel history together with portfolio of evidence in the form of log-sheets/travel claims of the last consecutive six (06) months of official kilometres travelled with either a subsidised vehicle, pool vehicles and or private vehicle as approved by the Accounting Officer. If kilometres travelled do not reflect the actual situation due to other circumstances, full details and accompanying 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 monthly official



kilometres based on your chosen/selected and signed contract with the department (refer to table above). **Application Checklist** marked as Annexure: **01/for Scheme: A** is included in the policy to serve as a guide to applicants on what/the necessary documents to be availed in order for them to comply;

- 6.2.2. The affordability test on the Officer's current situation by the Department and the appointed service provider is of vital importance;
- 6.2.3. By signing the Z81 vehicle application form, the official will be entering into an agreement with the State for the purchasing and utilisation of the subsidised vehicle.
- 6.2.4. The applicant will need to obtain and attach budget certificate (B09) from finance directorate, budget unit.

7. VEHICLE ALLOCATION CRITERIA

- 7.1. The Committee will consider the vehicle benchmark, provided it is within the Policy that the cheapest and smallest vehicle for the requirements of the job/post will be approved. The following criteria will be used in determining the appropriate vehicle in line with the job content of the official:-
 - 7.1.1. Maximum engine capacity for a sedan vehicle is **2.000 cc**;
 - 7.1.2. Maximum engine capacity for an LDV's/Double Cabs is **2.500 cc**;
 - 7.1.3. Where an Officer applies for a double cab it can only be a **2.500 cc** with a differential lock of (4 x 2) not a **4 x 4**;
 - 7.1.4. **NB:** 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 (05)** passengers including the driver;
 - 7.1.5. The official who prefers to apply for a vehicle that is above the approved benchmark will have to prepare themselves to incur/bear/pay the difference between the approved benchmark price and the actual vehicle price;
 - 7.1.6. No application will be considered if the Officer will retire (reach pensionable age) before the end of the premature withdrawal period which is thirty two (**32**) up to sixty (**60**) months of the normal contract period;
 - 7.1.7. The Officer must be in a position to afford such repayments for the full period/duration of the contract;



- 7.1.8. Approved vehicles will only be delivered and collected to the nearest available dealership or closest to the dealership in a town where the applicant reside; and
- 7.1.9. Nearest towns that are within a distance not exceeding **400** kilometres single trip (**800** kms round trip). Collection of vehicles outside the province will only be allowed through the approval of the Accounting Officer and may only be allowed if it is for the collection of **floating subsidised vehicles** (Vehicle abandoned by the original purchaser).

8. PROCEDURE AFTER APPROVAL

- 8.1. As soon as the application is approved by the Accounting Officer, the Secretariat of the DTAC will issue a letter of approval;
- 8.2. The Secretariat of the DTAC will forward the following documentation to the Financing Institution as it would be appointed from time to time by the National Department of Transport;
- 8.3. Original approval letter from the Department;
- 8.4. Copy of application form (**Z.81**);
- 8.5. A completed application form from an approved financial institution;
- 8.6. Certified copies of identity document and driver's license;
- 8.7. Certified copy of recent pay slip (not longer/older than three (03) months);
- 8.8. Proof of residence not longer/older than three (03) months;
- 8.9. Three (03) months bank statement; and
- 8.10. Recent Salary advice/payslip.

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

- 9.1. MMS Officials that take part in Scheme A (those who meet the requirements) of the Subsidised 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;
- 9.2. 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;

- 9.3. 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;
- 9.4. Officials on Salary levels 11 and 12 who 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 and that they have not structured for car allowance on their MMS remuneration packages;
- 9.5. Officials can only structure their 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.

10. INSURANCE

The Department will through the insurance contract approved by national treasury ensure that all subsidised vehicles are insured before the Official/owner takes charge of the vehicle.

11. REGISTRATION AND LICENSING

On receipt of the particulars necessary for the registration and licensing of the subsidised 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.

12. LOG-SHEETS RETURNS

- 12.1. Completed log-sheets/travel claims 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. Accumulation of travel claims/skipping of monthly claims will under no circumstances be allowed and/or entertained. This applies to both Scheme A and B users;
- 12.2. 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;



- 12.3. 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.

13. WITHDRAWAL AND RELIEF VEHICLES

- 13.1. The official utilisation period for a Subsidised Vehicle shall be for a minimum period of thirty-two (32) months and a maximum period of sixty (60) months. The official must complete the contracted utilisation period as well as kilometres that have been negotiated per individual contract with the department and the service provider. No vehicle will be withdrawn before it has completed a minimum contractual period of thirty-two (32) months in use and unless:-

13.1.1. Where, for any reason, through dismissal, retirement, ill health, resignation, retrenchment or **transfer to a post where a subsidised 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;

13.1.2. Where the vehicle is temporarily withdrawn from service for repairs after an accident or any other reason, **the official will supply alternative transport at own cost**. All official trips will be claimed back on the subsidised vehicle tariffs. Owners of subsidized vehicles are not allowed to make use of pool vehicles unless this is done with the permission and discretion of the Accounting Officer only;

13.1.3. Where the Officer does not submit their returns regularly/or for three months or fails to travel officially in line with the agreed terms, the concession in respect of the subsidised vehicle will be terminated by the Department and the officer will be liable for the total monthly vehicle repayment/instalment to the financing institutions.

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

13.3. Normal withdrawal

13.3.1. Normal withdrawal of a vehicle is the withdrawal of the vehicle happens after the completion of the **32 months/105 000kms OR 60months/105 000kms** of official period/kilometres as per application form (Z81) in the



- event of an official resigning, dismissed, retrenched, transferred, passing away, demoted or being promoted etc. Refer to the table depicted above;
- 13.3.2. The contract between the official and the **RT68** finance service providers will terminate at the expiry date of the contract and once all repayments have been settled/or as specified at the time of the contract signature was done;
- 13.3.3. The vehicle will remain insured until the last day of calendar month in which the termination of the finance agreement is done.
- 13.3.4. The finance, maintenance and insurance service providers need to be informed of normal withdrawals. Where possible such notification should be given three (**03**) months in advance.

13.4. **Pre-mature withdrawal**

- 13.4.1. An Official can request for a vehicle to be withdrawn from the scheme prior to the expiration of the contract period under the following conditions:-
- a) The official leaving the employment of the Department;
 - b) Early retirement due to medical reasons;
 - c) Upon death;
 - d) Promotion of an official to the level of Director;
 - e) Promotion or transfer of the official to a position where a vehicle is not required; and
 - f) Official has completed a minimum of thirty six (**36**) months of the contract and has met the required official kilometres as per their contract, in such a case, the official will be responsible for payment of the outstanding amount on the vehicle.

14. **MONTHLY TRAVEL ALLOWANCE**

- 14.1. If an Official exercises the option to purchase a **more expensive** vehicle other than which is approved by the Accounting Officer, the monthly travel and other allowances will be limited based on the approved benchmark of the Department.
- 14.2. If an Official exercises the option to purchase a **less expensive** vehicle than that approved by the Accounting Officer, the monthly allowances will be based on the actual vehicle purchased.

15. **CONDITIONS WITH REGARD TO THE TITLE DEED (REGISTRATION CERTIFICATE)**



15.1. The Title Deed/Certificate of Ownership of the subsidised vehicle reflects the financing service provider as appointed in terms of the National contract **RT68** as titleholder and the official designated as vehicle owner. The official may only register the subsidised vehicle onto their name as titleholder and owner, when/or after:-

15.1.1. The full amount of the purchase price has been settled/or repaid by the Official; and

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

15.2. 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.

16. TRANSFERS BETWEEN DEPARTMENTS AND PROVINCES

16.1. 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;

16.2. 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.

17. SCHEME B

Scheme B can be utilized by officials who does not meet the minimum kilometer requirements of Scheme A or do not qualify for Scheme A. It can also be utilised by an official whose job requirement necessitate the use of motor transport on an ad-hoc basis. MMS & SMS Members qualify automatically for participation on Scheme by virtue of their appointments and therefore need not apply for it.

18. QUALIFYING CRITERIA FOR SCHEME B



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.

Furthermore Scheme B can be utilised by officials who does not meet the minimum kilometre requirements of Scheme A.

19. CONDITIONS FOR APPLICATION

19.1. Implementation

- 19.1.1. 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;
- 19.1.2. All applications to partake in Scheme B should be submitted to the transport officer and recommended for approval by the DTAC to the Accounting Officer, Scheme B application **Checklist/ marked as Annexure: 02** is included in the policy to guide applicants on all the requirements for compliance;
- 19.1.3. Approved applications for Scheme B are valid for a period of two (02) years from date of approval. The applicant must reapply once the two (02) years period has lapsed;
- 19.1.4. An official will make use of her/his own private vehicle and will be reimbursed on private rates for business kilometers travelled on a pre agreed engine size and vehicle category as recommended by the DTAC and approved by the Head of Department;
- 19.1.5. 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 re-imburse the official on the lower rate;
- 19.1.6. An Official making use of Scheme: B may utilize a government vehicle as and when required with the relevant approvals from a delegated authority;
- 19.1.7. There is **no age or kilometer restrictions** on a vehicles being utilized



- 19.1.8. 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. An official partaking in Scheme B cannot procure a vehicle from the **RT57** vehicle procurement contract as in the case of Scheme A;
- 19.1.9. Officials partaking in Scheme B will need to adhere to the normal prescripts as implemented within the department for claiming of official business kilometers travelled on the Private Rates as published by the National Department of Transport;
- 19.1.10. 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. The Officials need to ensure that their vehicles comply with the provisions of Road Traffic Legislation in terms of licensing and roadworthiness.

20. MMS and SMS

- 20.1. Officials who structure for a motor vehicle allowance in terms of the MMS dispensation must note the following:-
- 20.1.1. MMS need not apply to participate in Scheme “B” by virtue of the appointment with the exception of those who have not **structured** their salaries to allow for a **car allowance**;
- 20.1.2. It is the Official's responsibility to maintain a suitable and reliable vehicle for the use of official trips;
- 20.1.3. Should the Official's vehicle not be suitable for the terrain or road condition of a specific trip then the Accounting Officer may authorise the use of a vehicle as supplied by the Department;
- 20.1.4. 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; and
- 20.1.5. Officials will claim for official kilometres as from the first (1st) business kilometre travelled on the rates used for private vehicles as supplied by the National Department of Transport on a monthly basis.



21. COST CONTAINMENT MEASURES, ALL MMS AND SMS ARE REQUIRED TO ADHERE TO THE FOLLOWING TRAVELLING KILOMETRE LIMITS:-

- 21.1. All Officials including MMS and SMS members will be allowed to claim a maximum of **2,500kms** per month. Approval to exceed the above mentioned limit will only be granted by the Accounting Officer/Chief Financial Officer or delegated official/authority;
- 21.2. 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 also need to be provided to the relevant Programme Manager);
- 21.3. Officials are required to complete a trip authorization from (Itinerary) that needs to be signed off by the official's supervisor/ manager in terms of all business trips undertaken by the official.

22. MONTHLY TRAVEL ALLOWANCE

- 22.1. Maximum engine capacity for an LDV / SUV vehicle is **2.000 cc** for scheme B only. SMS and MMS will be paid according the **actual engine capacity** of the vehicles they are using;
- 22.2. Multiple monthly claims will under no circumstances be allowed for both Scheme A and B;
- 22.3. Exceeding of **2.500 km** per month for both SMS and MMS will not be allowed except on exceptional cases with a prior written recommendation of the Chief Financial Officer and approval of the Accounting Officer.

23. OTHER LEVELS LOWER THAN MMS & SMS

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

24. GENERAL CONDITIONS

- 24.1. On both categories the Official must ensure that:-
 - 24.1.1. They present their vehicles for a **bi-annual inspection** on demand by Departmental Transport Officers;
 - 24.1.2. Officer's duties necessitate the official use of a motor vehicle and the provision of a Scheme B vehicle is in the interest of the Department;
 - 24.1.3. The officer travels, on average between 600 and 1 750/1800 official km per month; and



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

25. OPERATIONAL PROCEDURES

25.1. The Department will only honour claims as referred to in Clause 2 of this Policy:

25.2. All official trips/work plan/meeting invitation must be approved before any trip is undertaken.

26. REIMBURSEMENT TARIFFS/RATES

26.1. Official tariffs/rates in terms of the use of motor transport as amended from time to time are payable to officials for actual business/official kilometres travelled;

26.2. The payment is subject to the official completing a trip authorization and ensuring its approval by the Programme Manager before any official trip is undertaken;

26.3. Maximum engine capacity for an LDV / SUV vehicle is **2.000 cc**;

26.4. Multiple monthly claims will under no circumstances be allowed for all officials of the Department with no exceptions;

26.5. All kilometre claims will be submitted to transport Office on or before the seven **7th of the month** for **Scheme A** with no exception;

26.6. All kilometre claims for SMS, MMS and Scheme B participants shall be submitted within a maximum period of three months;

26.7. Under no circumstances shall a government vehicle be used for end-of-year closing party activities or any other party;

26.8. This Policy is effective for utilisation from date of approval and will be reviewed after every two (02) years.

27. FUNERAL AND MEMORIAL SERVICES (EXTRACT FROM NATIONAL POLICY)

27.1. Departments will not provide official government transport to any family member of the deceased or employees under the employment of the State.

27.2. Government motor transport can however be utilised under the following conditions:-

27.2.1. Government Officials that are nominated by the Accounting Officer to represent their relevant department at a funeral, memorial service or any other functions related thereto.



- 27.3. For all other Officials who will be attending the funeral or a memorial service, transport may be made available based on the request. This should be based on the availability and as approved by the accounting officer or his/her delegate;
- 27.4. Subsidized vehicle owners, SMS or MMS members who have structured for a car allowance, will not be issued with a government vehicle, but will have to utilise their vehicles officially to perform all memorial and funeral functions as set out above;
- 27.5. In the event that a bus is made available by the department, all subsidized vehicle owners, SMS and MMS members may use the bus, unless the accounting officer approves otherwise;
- 27.6. Any deviation from these guidelines must be approved by the Accounting Officer.

28. REFERENCES

- a) Subsidised Motor Transport Handbook, version 1 of 2017;
- b) White Paper on Transport Policy, 2021;
- c) Public Finance Management Act 1 of 1999 and its amendments;
- d) Treasury Regulations, 2001 and its amendments;
- e) Public Service Act, 1994 and its amendments; and
- f) Inclusive flexible remuneration packages for MMS and SMS.

29. POLICY REVIEW

This Policy shall be reviewed every two years where and/or when a need arises.

RECOMMENDED



MS NE KGANG

CHAIPERSON POLICY REVIEW COMMITTEE

APPROVED



MR MI KGANTSI

HEAD OF DEPARTMENT

20/05/2024

DATE

22/05/24

DATE

