



SALDANHA BAY MUNICIPALITY

SUBSISTENCE & TRAVEL POLICY

Effective: 1 July 2020

1. DEFINITIONS

For purposes of this Policy, the following abbreviations, words or phrases shall have the meaning assigned thereto:

“SBM” means the Saldanha Bay Municipality;

“daily allowance” means an amount per day granted or advanced to an Official / Councillor for costs related to meals and other incidental costs for each day or part of a day in a period during which an Official is absent from his / her usual place of residence for official business, which is in line with the cost containment policy of Council,

“host” means the person or institution who has extended an invitation to the SBM to delegate a Councillor / Official to attend an event which is regarded as official business;

“international travel” means travel outside the borders of the Republic of South Africa;

“domestic travel” means travel within the borders of the Republic of South Africa;

“fruitless and wasteful expenditure” has the same meaning as contained in the MFMA ;

“local travel” means travel inside the area of jurisdiction of the SBM;

“MFMA” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“official business” for purposes of this Policy shall mean:

- (a) the attendance by Councillors of official Council Meetings and Portfolio Committee Meetings of which the Councillor is a member;
- (b) the attendance by Councillors / Officials of congresses, conferences, seminars, training, workshops, meetings and other gatherings related to the official business of the SBM, subject thereto that such attendance has been duly authorized in terms of the SBM's System of Delegations (as amended from time to time);

“out of pocket expenses” means actual and necessary expenses incurred by a Councillor / Official, which –

- (a) have been specifically authorized; or
- (b) are provided for in this Policy;

in connection with a specific or ceremonial duty which has been delegated to the Councillor / Official;

“SARS” means the South African Revenue Service;

“SCM Policy” means the SBM’s Supply Chain Management Policy adopted by Council in terms of Section 111 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA);

“SCM Regulations” means the Municipal Supply Chain Management Regulations promulgated in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA);

“transportation expenses” shall include trips during official SBM business by vehicle, taxi, boat, helicopter, train, tram and aeroplane and any other means, and shall include travel with a personally owned vehicle, which was duly authorized before trip was undertaken

“expenses of a personal nature” shall include but not be limited to the following:

- airtime
- cigarettes
- private telephone calls
- entertainment

“unauthorized expenditure” has the same meaning as contained in the MFMA;

2. PURPOSE OF POLICY

The purpose of this Policy is to –

- (a) Regulate local, provincial domestic and international travel with regard to official business by Councillors / Officials on behalf of the SBM;
- (b) Clearly define subsistence and travel related expenses as set out in Clause 7 of this Policy;
- (c) Set out the conditions for official business;
- (d) Clarify the various related processes and responsibilities.

3. APPLICATION

- 3.1 This Policy shall be applicable to Councillors in so far as it is not in contradiction with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and Regulations promulgated in terms of the said Act.
- 3.2 This Policy shall be applicable to all Officials designated to attend to official business of the SBM as well as to Officials involved in processes with regard to the execution of this Policy.

4. GENERAL

- 4.1 All official business travels must contribute to the SBM's business of developing, obtaining or transferring of knowledge or to communicate, promote or administer the SBM's interests.

- 4.2 The object of reimbursement for official business related expenses is to cover reasonable expenses incurred as a result of attending to official business on behalf of the SBM.
- 4.3 All official business travel must be planned thoroughly to ensure that it is executed in the most efficient, effective and economic manner.
- 4.4 This Policy is positioned within the context of the South African Revenue Service (SARS) definitions, regulations and maximum rates that can be paid with regard to subsistence and travel without incurring tax liability, as determined annually by the Minister of Finance in respect of the applicable year of assessment.

5. AUTHORIZATIONS AND ROLES AND RESPONSIBILITIES

- 5.1 No Councillor / Official of the SBM may go on official business without prior authorization as provided for in the SBM's System of Delegations.
- 5.2 The authorization of appropriate Officials and the roles and responsibilities of Officials in respect of the processing and approval of subsistence and travel claims and advances, shall be strictly in accordance with the SBM's System of Delegations.
- 5.3 The procurement of goods and services required in the execution of this Policy shall be in strict compliance with the provisions of the MFMA, the SCM Regulations promulgated in terms of the Act and the SCM Policy of the SBM.

6. EXCLUDED COSTS

The following expenses shall explicitly not be covered by the SBM -

- (a) Any expenses covered by a host extending an invitation;
- (b) Any expenses covered by training provider;
- (c) Any expenses paid for as part of accommodation;
- (d) Alcoholic beverages;
- (e) Costs that are incurred in entertaining external business associates, contacts, clients or potential investors or clients -
 - (i) Where the Official receives an entertainment allowance, the costs must be claimed against the entertainment allowance; and
 - (ii) All expenses shall fall outside the scope of this Policy and specific approval must be obtained in advance in writing from the Chief Financial Officer / Municipal Manager for any such expenditure upon submission by the nature and reason why such costs need to be incurred.

7. INCLUDED COSTS

7.1 ACCOMMODATION

7.1.1 General

Councillors / Officials who undertake official business for the SBM, where the business unavoidably entails **1 (one)** or more nights to be spent away from the Councillors / Officials' residence, may stay in a hotel, motel, guesthouse, bed and breakfast establishment or shared lodging units comprising more than **1 (one)** bedroom(s).

7.1.2 Selection

The following shall apply as regards the selection of accommodation -

- (a) The accepted grade of accommodation shall at least be the equivalent of 3 (three) stars, subject to sub-Clause 7.1.2(d);
- (b) The selection of accommodation must be judged on availability, location, suitability, safety, etc.
- (c) Accommodation rates for single rooms shall be applicable, unless single rooms are not available or in cases where Councillors and / or Officials are accommodated in shared lodging units consisting of more than **1 (one)** bedroom, for which a flat rate per unit is applicable;

- (d) Accommodation shall in general be arranged at the venue of business, unless the accommodation rate is extravagantly expensive, in which case other accessible, suitable and more economical accommodation in close proximity of the venue must be arranged;
- (e) Where a Councillor /Official stays with a relative or friend, no accommodation expenses may be claimed.

7.2 **DAILY ALLOWANCES**

The following daily allowances for Councillor and / or Official for official business purposes may be claimed within **7 (seven)** working days on return, and shall be deemed to have been actually expended to defray the expenses indicated:

7.2.1 **Local travel**

No Official will be entitled to be reimbursed for (a) meal(s) and / or incidental expenses within the area of jurisdiction of the SBM.

7.2.2 Domestic travel

- a) Where an Official / Councillor is obliged to spend **1 (one)** or more nights away from his / her usual place of residence on official business and the accommodation to which the allowance relates is in the Republic of South Africa, and where overnight stay is necessitated (according SARS regulations), the following may be claimed:
- (i) Self-catering
 - R435 may be claimed.
 - (ii) Breakfast is included in the accommodation
 - R340 may be claimed.
 - (iii) Breakfast and dinner are included in the accommodation
 - R160 may be claimed.
- b) No allowance may be claim within the municipal area of the municipality.
- c) Where overnight stay is not necessitated for official business outside of the area of jurisdiction of the SBM, a daily allowance of R130 per official will be applicable
- d) The daily allowance of R130 per day for Official / Councillors will be applicable if the daily period of absence from office is more than 6 hours.

7.2.3 International travel

- (a) Where the accommodation of Councillors / Officials is outside the Republic of South Africa, an amount prescribed by SARS deemed to be expended for each day or part of a day in the period during which the employee/Councillor is absent from his/her usual place of residence.
- (b) The amount prescribed by SARS will be reduced in the following circumstances:
 - i) Self-catering and no accommodation are provided
 - 100% of the amount may be claimed.
 - (ii) Breakfast is included in the accommodation
 - 70% may be claimed.
 - (iii) Breakfast and dinner are included in the accommodation
 - 50% may be claimed.

7.3 OUT OF POCKET EXPENSES

- 7.3.1 Councillors / Officials shall be reimbursed for actual and necessary out of pocket expenses which is not provided in the policy, subject thereto that detailed proof of expenditure is submitted with the claim for reimbursement –

the Accounting Officer may claim that a Councillor / Official motivates the necessity of expenditure.

7.4 **TRANSPORTATION EXPENSES**

The cheapest mode of transport as determined by the discretion of the Director / Municipal Manager / Mayor shall be explored.

The following expenses with regard to transportation shall be payable by SBM :

7.4.1 **Air travel expenses**

- (a) Airfare, subject to the following conditions -
 - (i) The most economical airline tickets available on the date of booking shall be selected and in this regard, tickets shall be booked as far as possible in advance in order to acquire the benefit of economical bookings – late bookings at a non-economical rate must be properly motivated and specifically authorized by the Municipal Manager before such tickets may be booked;
 - (ii) Councillors / Officials shall depart and return on the flight(s) as originally booked and may under no circumstances whatsoever depart or return on any other flight(s) if there is an additional cost implication of any kind – any additional costs related to the

cancellation of airline tickets and / or changing of flights, or in cases where the Councillor / Official does not show up for his / her booked flight, shall be regarded as fruitless and / or wasteful expenditure as contemplated in the MFMA and shall be referred to the Unauthorised, Fruitless and Wasteful Expenditure Committee, and depending on the resultant outcome, shall be recovered by the SBM from the salary of the Councillor / Official concerned;

- (b) Airport taxes, travel and transfer duties and surcharges;
- (c) Travel insurance, except in cases where privately owned vehicles are used by the Councillors / Officials.

7.4.2 **Car rental**

Class B rates for car rental shall be payable by the SBM in cases where car rental is the appropriate means of transport, unless this class is not appropriate under the circumstances and it is in line with the cost containment policy of Council.

7.4.3 **Privately owned vehicles**

Where privately owned vehicles are utilized by Councillors / Officials official travel shall be reimbursed as follows -

(a) **Councillors**

Councillors of the SBM delegated to attend official business inside and outside the jurisdiction area of the SBM, may only claim reimbursement for official distances travel to destinations outside of the municipal area of the municipality in accordance with the relevant legislation as amended from time to time and the applicable tariffs, prescribed by the Department of Transport for the use of privately owned vehicles, subject thereto that a logbook acceptable to SARS reflecting the official and private kilometres travelled per month, must be kept for purposes of determining official distance travelled per month subject to the following conditions:

- i) Councillors need to declare / supply copies of documentation stating registration number, engine number, engine capacity and type of motor vehicle. Claims regarding those not in a possession of a motor vehicle will be paid on a tariff based on a 1800 cm³ engine for distance travel.

(b) **Section 57 Appointees**

Section 57 Appointees may only claim reimbursement for kilometre travelled within as well as outside the municipal area, in excess of 500 km per month, according to the tariffs payable for privately owned vehicles as prescribed by the Department of Transport subject thereto that a logbook acceptable to SARS reflecting the official and private

kilometres travelled per month, must be kept for purposes of determining official distance travelled per month.

(c) **Officials dealing in the motor allowance scheme**

Officials may submit claims for travelling outside the jurisdiction of SBM in respect of official business travel undertaken in their privately owned vehicles in accordance with the applicable transport allowance scheme / policy.

Should a Official travel more than the individual signed agreement within the boundaries of the SBM on a regular basis, he/she must submits proof thereof before any claims will be reimbursed.

The reimbursement for travelling outside the jurisdiction area of the municipality will be calculated in accordance with the running cost tariff (subsidised scheme C rates) as periodically promulgated by the National Department of Transport.

(c) **Officials not dealing in the transport allowance scheme**

Employees not part of the travel allowance scheme, may be requested to use their privately owned vehicle for official purposes in which case he/she shall be reimbursed at a tariff of R3.30 per kilometre, which tariff shall be increases annually on 1 July equal to the salary increase rate determined by the Bargaining Council.

7.4.4 **Parking and toll fees, bus and taxi fares**

Councillors / Officials shall be entitled to reimbursement of all parking and toll fees as well as bus and taxi fares upon submission of a duly completed claim form together with proof of expenditure in this regard to the Chief Financial Officer.

7.4.5 **Other travel-related expenses**

The SBM shall cover the following other travel-related expenses with regard to official business –

7.4.5.1 **Passport and visa expenses**

The SBM shall bear the cost in relation to all passport and visa expenses in respect of international travel by Councillors / Officials for official purposes.

7.4.5.2 **Medical Costs**

The following shall be applicable with regard to medical costs incurred during official business :

- (a) International travel

The SBM shall bear the cost of medical insurance required by international countries prior to arrival at the country of destination,

but will not be liable for additional medical expenses not covered by the medical insurance. The insurance cover is only for the period that a Councillor and / or Official is away from home on a trip relating to official business;

(b) Local and domestic travel

(i) Where medical costs may be due to an injury on duty, Officials will be covered by the applicable provisions of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993) as well as the short term insurance policy (group accident benefits) of the SBM.

(ii) The SBM shall bear the cost of medical insurance in terms of the short term insurance policy (stated benefits) of the SBM for medical expenses incurred by Councillors due to an injury during official business,

8. REPORTS

8.1 A comprehensive exposition regarding -

- (a) The nature and reasons for official business travel;
- (b) Outcomes and benefits derived; and
- (c) Expenses incurred;

in connection with all international official business travel must be reported to the Speaker / Mayoral Committee in instances of Councillors and Municipal Manager/Director and/or Line Manager in instances of Officials at the first meeting after the date of return.

9. OFFENCES AND PENALTIES

9.1 Financial misconduct

Any unauthorized, irregular or fruitless and wasteful expenditure either made or permitted by Councillors / Officials shall be regarded as financial misconduct as contemplated in the MFMA.

9.2 Offences

If found guilty, the following conduct shall be regarded as an offence in terms of the MFMA -

(a) Accounting Officer

The Accounting Officer deliberately or in a grossly negligent way fails to take reasonable steps to prevent unauthorized, irregular or fruitless and wasteful expenditure with regard to this Policy;

(b) A Senior Manager or other official exercising financial management responsibilities and to whom a power or duty has been delegated with regard to this Policy deliberately or in a grossly negligent way contravenes or fails to comply with a condition of the delegation;

- (c) A Councillor -
 - (i) deliberately influences or attempts to influence the Accounting Officer, Chief Financial Officer, a Senior Manager or any other official to contravene a provision of the MFMA or with specific regard to this Policy;
 - (ii) interferes in the financial management responsibilities or functions assigned in terms of the MFMA to the Accounting Officer of the Municipality or delegated to the Chief Financial Officer of the Municipality in terms of the MFMA.

9.3 Disciplinary steps and criminal proceedings

- (a) The Accounting Officer must ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any Official who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA;
- (b) The Municipality must investigate allegations of financial misconduct and if the investigation warrants such a step, institute disciplinary proceedings against the Accounting Officer, Chief Financial Officer, Senior Manager or other Official with regard to acts of financial misconduct.

9.4 **Penalties**

A person is liable on conviction of an offence in terms of Section 173 of the MFMA to imprisonment for a period not exceeding **5 (five)** years or an appropriate fine determined in terms of applicable legislation.

10. **EFFECTIVE DATE**

This Policy shall be effective from date of approval by Council and shall be applicable to all stakeholders. The tariffs / allowances indicated in the policy will be revised annually on the 1st day of July and increases will be implemented in line with SARS regulations.