



HARRY GWALA DEVELOPMENT AGENCY (PTY) LTD
[REG. No: 2011/001221/07]

POLICY: TRAVEL AND SUBSISTENCE POLICY

Administrative Responsibility:	Chief Executive Officer
Implementing Department / Departmental Unit	Chief Financial Officer, and Manager: Corporate Services

TRAVEL AND SUBSISTENCE POLICY

POLICY DOCUMENT CONTROL

POLICY NUMBER	HGDA 006
CUSTODIAN	Corporate Services Department and BTO
STATUS	DRAFT
VERSION (NO./YEAR)	V1 – 2024
APPROVED BY	
EFFECTIVE DATE	
REVISION DATE	
ROUTING	MANCO – 02 February 2024
	HGDA Policy Retreat- 13 February 2024
	Portfolio Committee/s- 06 March 2024
	HGDA Board- 19 March 2024
	HGDM Council Not Applicable

Summary of Amendments:

Version	Author	Date	Revised Date
V1	Corporate Services Manager	02 February 2024	13 February 2024

TABLE OF CONTENTS

PREAMBLE	4
1. BACKGROUND	4
2. LEGAL FRAMEWORK	4
3. INTEPRETATION OF THE POLICY	5
4. DEFINITIONS GENERAL SPECIFICATIONS	7
5. REFERENCE	8
6. ENTITLEMENT TO A SUBSISTENCE AND TRAVEL ALLOWANCE	8
7. SUBSISTENCE ALLOWANCE	9
8. SUBSISTENCE AND TRAVEL ALLOWANCES LIMITATION	9
9. ACCOMMODATION EXPENDITURE	9
10. TRANSPORT ARRANGEMENTS	10
11. TRAVELING ALLOWANCE / EXPENDITURE	11
12. AUTHORISATION FOR OFFICIAL TRIPS TO BE UNDERTAKEN	13
13. AUTHORISATION	13
14. DOCUMENTATION	14
15. INSURANCE	14
16. COMMENCEMENT	14
17. PERMANENT / TEMPORARY WAIVER OR SUSPENSION OF THIS POLICY	14

PURPOSE / OBJECTIVES

The purpose of this policy is to provide procedures, rules, regulations, and guidelines with regard to reasonable expenditure that may be claimed by an employee when he /she is away from the Agency offices (official place of work) on official business and to ensure ongoing improvement of operational practices.

It is essential that representatives of the Agency, from time to time, travel to other cities or towns in order to establish and maintain links and relationships with other municipalities, entities, stakeholders in the public and private sector.

It is important for officials of the Agency to broaden their knowledge and understanding of and compare local experiences in local government transformation, innovation, and change. This can effectively be done through the medium of personal contact with a wide range of stakeholders.

This Policy sets out the basis for the payment of subsistence and travel allowances for the purposes of such official travelling.

1. BACKGROUND

- 1.1. Section 62(1) (b) of the MFMA makes Accounting Officers of departments and constitutional institutions responsible for the effective, efficient, economical, and transparent use of their respective establishment's resources.
- 1.2. In light of paragraph 1.1 it is necessary for Accounting Officers to ensure that appropriate expenditure control measures are instituted to provide reasonable assurance that all expenditure in their respective institutions are necessary, appropriate, paid promptly, recorded adequately, and reported accordingly in the relevant accountability instruments.
- 1.3. Given the economic problem of scarcity, it is imperative that resources be applied effectively and efficiently to achieve economic and social objectives. The global economic crisis has resulted in the contraction of many economies and in this regard South Africa has also adopted measures to ensure fiscal prudence.

2. LEGAL FRAMEWORK

The policy was developed and guided by the following:

- 2.1. Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)
- 2.2. Income Tax Act, 1962 (Act 58 of 1962)
- 2.3. Municipal Finance Management Act, 2003 – Municipal Cost Containment Regulations, 2019
- 2.4. Department of Transport tariffs for the use of motor transport.
- 2.5. SALGBC Main Collective Agreement

3. INTEPRETATION OF THE POLICY

- 3.1. Except to the extent to which the context may otherwise require, this Policy shall be construed in accordance with the following provisions of this sub-paragraph:
 - 3.1.1. Any word or expression importing any gender shall include the other gender.
 - 3.1.2. Words importing the singular also include the plural, and *vice versa*, where the context requires.
 - 3.1.3. The following words shall have the meanings hereby assigned to them –
- 3.2. For the purposes of this policy, a representative shall mean:
 - 3.2.1. Non-Executive Board of Directors
 - 3.2.2. Chief Executive Officer
 - 3.2.3. Chief Financial Officer
 - 3.2.4. All incumbents of the Agency irrespective of position, title, or grade
 - 3.2.5. Officials seconded to Harry Gwala Development Agency (Pty) Ltd by way of Memorandum of Agreement concluded with the Harry Gwala District Municipality (HGDM).
- 3.3. Any dispute on interpretation of this policy shall be declared in writing by any party concerned to the CEO.
- 3.4. The Chief Executive Officer shall give a final interpretation of this policy in the case of a written dispute.
- 3.5. If the party concerned is not satisfied with the interpretation, a dispute may be pursued with the South African Local Government Bargaining Council.

4. DEFINITIONS

“Accounting Officer” The person appointed as Chief Executive Officer in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003), including any person acting in that position or to whom authority is delegated.

“CEO” shall mean the Chief Executive Officer of the Harry Gwala Development Agency (Pty) Ltd – used interchangeably with Accounting Officer

“CFO” shall mean the Chief Financial Officer of the Harry Gwala Development Agency (Pty) Ltd

“Employee’s family” Includes the employee’s spouse or life partner, sibling, parent, parents-in law, grandparent, child, grandchild, adoptive parent, and adoptive child.

“Exceptional circumstances” Events or problems which you did not expect, and which stop you being able to perform to the best of your abilities in your studies (For example bereavement, unexpected personal or family problems or illness might be considered as an exceptional circumstances.)

“HGDA” means the Harry Gwala Development Agency (Pty) Ltd, a company duly incorporated in terms of the laws of the Republic of South Africa with registration number: 2011/001221/07, in which the Harry Gwala District Municipality, as Parent Municipality, holds a sole interest.

“HGDM” means the Harry Gwala District Municipality, a Category C Municipality established in terms of Section 155(1)(c) of the Constitution of the Republic of South Africa, 1996 and in terms of Section 12(1) of the Municipal Structures Act, 32 of 2000 (as amended) and its successors in title. Includes duly authorised officials of the Municipality who have been delegated any powers, functions, and duties necessary to give effect to this Policy and decide upon and administer the matters referred to herein.

“Incidental costs” Expenses which are not necessarily incurred in performing the duties of employment whilst away on business (e.g. telephone cost, laundry cost, drinks, tips etc.).

“Meeting” shall mean any meeting of the board or any board sub-committees (portfolio committee) as well as any other General meeting of the entity including meetings of Council, irrespective of the duration of such meeting.

“MFMA” shall mean the Municipal Finance Management Act 56 of 2003, as may be amended from time to time.

“MSA” shall mean the Municipal Systems Act 32 of 2000, as amended from time to time.

“Non-Executive Director” shall mean a non-executive director of the Agency appointed in terms of section 93E of the Municipal Systems Act, 32 of 2000, and

“Occasion” Any occasion outside the area of jurisdiction of the Council including a meeting, conference, congress, seminar, training course, training program, workshop, discussions, or any other occasion to which a person is delegated to by the Council or by the delegated authority.

“Official” In relation to a municipality or municipal entity, means:
1. An employee of a municipality or municipal entity.

2. A person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
3. A person contracted by a municipality or municipal entity otherwise than as an employee.

“Representative” means a person selected or appointed to represent the Agency in a conference/ workshop or meeting.

“Subsistence Allowance” A subsistence allowance is an amount of money paid by HGDA to a traveller for expenditure incurred in respect of personal subsistence and incidental costs for example refreshments, snacks, drinks, and newspapers but excludes any personal recreation, such as visits to a cinema, theatre or nightclubs or sight-seeing.

“Travel Allowance” A travel allowance is any amount paid to an employee in respect of travelling expenses for business purpose.

5. GENERAL SPECIFICATIONS

- 5.1. The contents of this policy will not be regarded as conditions of employment but as are-imburement for travelling and subsistence expenditure incurred or deemed to be incurred for the attendance of events for official purposes.
- 5.2. Any Board Member must have the approval of the Chairperson or his/her delegate for the attendance of events for which compensation is claimed. Any staff member must have the approval of the most senior official in the departmental unit or his delegate and any senior official must have the approval of the CEO or his/her delegate for the attendance of events for which compensation is claimed. Claims are only payable if sufficient provision is made for it on the budget. Any claim must be submitted on the official claim form with the necessary vouchers where specific expenses are claimed. Claims for the CEO will be endorsed by the Chairperson of the Board.
- 5.3. Any claim containing false information will lead to disciplinary steps being instituted and payments thus made may be recovered from any money payable by HGDA to the person who submitted the claim.
- 5.4. All efforts should be made to minimize the costs for HGDA i.e. by travelling together in one vehicle, minimizing overnight stay where possible, etc.
- 5.5. A claim for subsistence and travelling cannot be made at the Municipal Entity as well as another institution for attending the same event. Such action shall lead to disciplinary action.
- 5.6. Sufficient documentation must be attached to the application for the trip e.g., official invitation, agenda or program, itinerary, details of sponsor and amount, etc.
- 5.7. Every representative who travels on the business of the Entity must comply with this policy in letter and in spirit.

- 5.8. Representatives who travel on official business must appreciate, at all times, that they are ambassadors of HGDA, that their actions, conduct and statements must be in the best interests of the Agency and that they must comply with any specific mandates they have been given.
- 5.9. The policy is further formulated to achieving the following:
- 5.9.1. To establish a fixed base for travelling and subsistence arrangements for Board members and employees.
 - 5.9.2. To lay down a policy on the usage of official vehicles as well as private vehicles in terms of the transport allowance scheme.
 - 5.9.3. To establish a fixed framework for the attendance of official meetings, congresses, seminars, and external training sessions outside the jurisdictional area of the Harry Gwala District Municipality (HGDM).
 - 5.9.4. To avoid or limit night travelling as far as possible.
- 5.10. Accommodation, flights, and vehicle rental arrangements will be based on the most cost-effective option in relation to the proximity of the venue, traffic, availability, and other cost factors. Due to impracticality, the stipulations of the Supply Chain Policy may be disregarded in this matter.
- 5.11. This policy must be read with the Cost Containment policy.

6. REFERENCE

This Policy must be read in conjunction with any of the Agency's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.

7. ENTITLEMENT TO A SUBSISTENCE AND TRAVEL ALLOWANCE

- 7.1. A representative may claim a daily subsistence allowance as provided for in this policy on the understanding that all authorised personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses such as travel and accommodation expenses, may be claimed.
- 7.2. The subsistence allowance may be claimed only if the necessary authorisation for the trip has been obtained, and if the appropriate authorisation form has been completed and submitted by the claimant.
- 7.3. Entertainment of external business associates or contacts or clients or potential investors or potential clients falls outside the scope of the subsistence allowance and will be separately reimbursed at the endorsement of the CEO.

- 7.4. A representative must claim his or her subsistence allowance, as provided in this policy after returning from any official trip. No reimbursement will be afforded if the trip or travel is not sanctioned by the Agency.
- 7.5. No subsistence allowance will be paid, and no representative will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the Municipal Entity. All travel on business of the Municipal Entity must be approved as such before a representative is entitled to a subsistence allowance.

8. SUBSISTENCE ALLOWANCE

(Read with Cost Containment Policy paragraph 13)

9. SUBSISTENCE AND TRAVEL ALLOWANCES LIMITATION

- 9.1. No subsistence or travelling costs will be paid to any candidate invited for an interview whose domicile is within 100km of the Agency offices.
- 9.2. Costs for travel will be considered, at the endorsement of the CEO, for formally invited persons to constitute Panel Members.
- 9.3. No subsistence costs will be paid to any person invited for/attending any official agency business, if distance travelled to and from is less than 50 km.

10. ACCOMMODATION EXPENDITURE

- 10.1. The approval of any claim for accommodation expenditure is subject to the availability of the necessary funds on the applicable Operational Budget.
- 10.2. A person can stay overnight when:
- 10.2.1. the duration of such congress, seminar, course, meeting, or workshop is more than one day and the delegates wish to stay overnight: or
- 10.2.2. the duration of such congress, seminar, course, meeting or workshop is for one day or less and delegates must leave before 06:00 (accommodation to be catered for prior to event) in order to reach the destination in time or will return after 19:00 (accommodation to be catered for immediately after event) and will be out of office for more than 6 hours and the delegates wish to stay overnight instead of travelling to the venue and back on the same day.
- 10.3. Accommodation may be provided in a hotel, motel, guesthouse or bed and breakfast establishment on the provision that it is of an acceptable standard inclusive of cleanliness, hygiene, and security.

- 10.4. The actual cost of accommodation will be borne by the Agency. A representative may use **4-star accommodation**, but if 4-star accommodation is not available, 5-star accommodation may be used. If neither 4-star or 5-star is available, then the next lowest grade 6 star or 3 star of accommodation available shall be used.
- 10.5. Accommodation shall be provided on a “dinner, bed and breakfast” basis. If dinner or breakfast are not available at the establishment, the CEO may authorise the payment of supplementary subsistence allowance on an “ad-hoc” **basis limited to R300.00**.
- 10.6. All accommodation must, unless it is impractical to do so, be reserved through a travel agent appointed by the Agency for this purpose.
- 10.7. If a representative stays with a relative or friend, an **accommodation allowance of R700.00 per night may be claimed**.
- 10.8. The payments for overnight accommodation for Board and officials should be paid directly through the booking Travel Agency or directly to the preferred place of accommodation e.g. hotels, guesthouses etc. HGDA will as a general rule not issue any cheque payments for the payment of hotel accommodation and the payment will be made directly to the preferred hotel or guest house. In legitimate cases where amounts are paid by Board Directors or officials to hotels or guest houses (at the prior endorsement of the CEO), the HGDA will reimburse the paid amounts on submission of the relevant documentation and proof of payment thereof.
- 10.9. Actual toll gate fees are payable on submission of a claim and proof of payment.
- 10.10. If the venue of an official meeting requires that a delegate be forced to make use of the only accommodation the total expenses with regard to accommodation will be paid by the Agency.
- 10.11. Cognisance must be taken of the fact that the selection of inexpensive or alternative accommodation does not necessary institute a saving. The cost of additional travelling, vehicle rental, parking and time involved must be taken in consideration subject to the submission of the necessary documentary proof.
- 10.12. Any representative who involves themselves in the destruction/damage to any property, whether it is Hotel property or private establishments rented by the Agency he/she will be held accountable for the damages incurred to that property. The expenses in repairing the damaged property, will be deducted from the representative’s salary / reimbursed claim, to reimburse the proprietor of the property.

11. TRANSPORT ARRANGEMENTS

- 11.1. The Agency reserves the right to determine, on cost effective grounds, the means of transport when a person is delegated by the Agency to attend an occasion.
- 11.2. Should four (4) or less persons be delegated to attend the same occasion only one vehicle may be used and travelling costs will be payable for one vehicle only. Should a delegation consist of five (5) to eight (8) persons the travelling costs for an additional vehicle shall be payable if a second vehicle is used.

12. TRAVELING ALLOWANCE / EXPENDITURE

(Must be read with Cost Containment)

- 12.1. The approval of any claim for travelling allowances is subject to the availability of the necessary funds on the applicable Operational Budget.
- 12.2. If a representative utilises his or her personal motor vehicle for business purposes:
- 12.2.1. If he or she does not have a fixed monthly traveling allowance, be reimbursed at the applicable rate prescribed by the Department of Transport at the time.
- 12.2.2. If he or she has a fixed monthly traveling allowance, be reimbursed at a flat rate determined by the Department of Transport for privately owned vehicles based on the engine capacity of the vehicle, provided that in the case of officials reporting to the CEO, the first 200km shall not be reimbursed.
- 12.3. An official qualifying for a travel allowance or reimbursement is required to submit a contract or proof of purchase of vehicle. In the absence of ownership, a contract indicating approval for the release and usage of the predetermined vehicle, with owners' consent is required on the submission of each claim and annually in March of each calendar year.
- 12.4. The travel allowance is calculated based on the lower of either the annual salary of an employee or the cost of the vehicle and this to be multiplied by the rates from the AA tariffs. During March every year all employees receiving travel allowance must submit statements/proof of ownership in respect of their vehicles, failure to do so will result in travel allowance being stopped.
- 12.5. If persons are delegated, nominated, or invited to attend any congress, seminar, meeting or workshop, the following is payable:
- 12.5.1. If he or she does not have a fixed monthly traveling allowance, be reimbursed at the applicable rate prescribed by the Department of Transport from time to time.
- 12.5.2. If he or she has a fixed monthly traveling allowance or has structured a traveling allowance, be reimbursed at a flat rate determined by the Department

of Transport for privately owned vehicles based on engine capacity of the vehicle.

12.5.3. The payment of a fixed or structured traveling allowance shall be suspended without any period of grace, if an Agency official earning or receiving a structured traveling allowance is without possession of a vehicle for a period exceeding three (3) months

12.6. HGDA is not liable for any traffic penalties or damages that may be inflicted to or by the employee when using his private vehicle for official purposes.

12.7. For all travel claims submitted, the Google distance calculator should be used to determine the distance travelled.

12.8. All travel claims must be claimed within three (3) months from the date of travelling and any claims submitted after the stipulated period will lapse.

12.9. TRAVELING BY AIR:

12.9.1. Delegates to congresses, seminars, training/ skills development courses, meetings, or workshops are remunerated for travelling costs at the rate of the most economical normal return air ticket plus hired vehicle.

12.9.2. Wherever possible, the best airways Service Provider shall be used for air travel.

12.9.3. Reservations for rental cars and air travel must be made through a travel agent appointed by the Agency for this purpose.

12.9.4. When an economic class ticket is not available, a business class ticket may be used after approval by the CEO, subject to the travel agency submitting substantiating proof that an economic class ticket is not available. Should a representative elect to travel business class in the event of an economic class ticket being available, the difference in cost is for the account of the representative and will be deducted from his/her salary without notice.

12.9.5. Parking fees, tollgate fees and traveling cost (UBER/taxi/train/bus) between airport, accommodation, and venue, as well as freight, if necessary, will be paid by the municipal entity provided that satisfactory written proof and invoices are submitted for costs not directly paid by the Agency. Claims should be submitted for payment within 30 days after travel (with relevant supporting documents). Lock-up / undercover garages may be utilised at the Agency's cost.

12.9.6. Where shuttle services are provided between accommodation establishments and airports, preference should be given to that service,

12.9.7. If travelling by luxury bus, the cost of a return-ticket may be refunded if the claim (with relevant supporting documents) is submitted within 30 days after travelling.

12.10.RENTING OF VEHICLES:

(Read with Cost Containment Policy)

- 12.10.1. Should a delegate of HGDA have to attend a seminar/congress/meeting and travels by air, train or bus to the destination, a vehicle may be rented from an acknowledged vehicle hire company for official journeys regarding the seminar/congress/meeting, subject to the following conditions:
- 12.10.1.1. Only travellers with a valid South African drivers' licence may rent a vehicle.
- 12.10.1.2. Only Group "C" or "D" category vehicles may be rented, unless it is more cost-effective to hire a more expensive vehicle (for example, when the number of representatives involved could justify the hire of a micro-bus).
- 12.10.1.3. Car rental must be approved as part of the travel package before the trip is embarked on. A representative who rents a vehicle whilst travelling on the business of HGDA without having received prior authorisation will only be reimbursed for the cost of the vehicle rental if proof of expenditure can be produced and the representative can demonstrate that vehicle rental was reasonably but unexpectedly necessitated by the circumstance.
- 12.10.1.4. If there are more than four attendees (delegates), two vehicles or a microbus, may be rented.
- 12.10.1.5. Delegates may use the rented vehicle for private journeys in the vicinity of the seminar. However, private journeys exceeding the free kilometres/day (maximum provided by the rental company) provided by the rental company will be for the account of the delegate using the vehicle and will be deducted from the salary of the delegate using the vehicle as such.

13. AUTHORISATION FOR OFFICIAL TRIPS TO BE UNDERTAKEN

- 13.1. An invitation to attend a workshop, meeting or related event is not an automatic authorisation to attend such workshop or event. Authorisation must still be endorsed by the CFO and approved by the CEO.
- 13.2. For the purposes of implementing this policy, Senior Managers and Supervisors will recommend travel of applicable officials for endorsement by the CEO or his / her delegate.

14. AUTHORISATION

- 14.1. The acting or delegated official cannot sign for his or her own claim.

DELEGATED OFFICIAL	APPROVAL BY
Chairperson	Chief Executive Officer

Non-Executive Board of Directors	Chief Executive Officer
Chief Executive Officer	Chairperson of the Board
Chief Financial Officer	Chief Executive Officer
Managers and Supervisors	CEO or applicable Manager (budget holder)
Other officials	CEO or applicable Manager (budget holder)

14.2. Authorisation can only be done provided the expenses to be incurred are on the approved budget of the relevant Directorate.

14.3. Representatives to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event. If any representative fails to do so, the Chairperson or the Municipal manager, as the case may be, may recover all allowances and disbursements paid to enable such delegate or representative to attend such event, provided that such delegate or representative is afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event.

15. DOCUMENTATION

15.1. When applying for travel and subsistence allowances, the prescribed travelling claim form shall be completed in full.

15.2. Copies of the agenda/ attendance register / meeting invite of the specific meeting must be attached to the application.

15.3. For claims, the attendance registers together with meeting report and all supporting receipts, etc must be attached to the claim.

16. INSURANCE

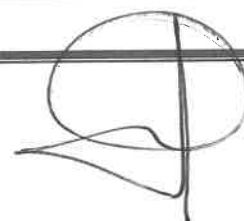
15.1 Officials are currently not covered for any insurance benefits; however, the process will commence in the current insurance.

17. COMPLIANCE AND ENFORCEMENT

17.1. This Policy will come into effect on the date of adoption by the Board of Directors of the Harry Gwala Development Agency (Pty) Ltd.

17.2. Violation of or non-compliance with this policy will give a just cause for disciplinary steps to be taken.

18. PERMANENT / TEMPORARY WAIVER OR SUSPENSION OF THIS POLICY

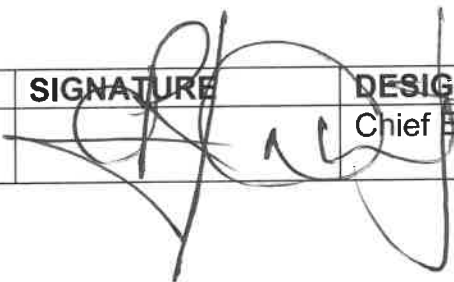


- 18.1. This policy may be partly or wholly waived or suspended by the Board on a temporary or permanent basis.
- 18.2. Notwithstanding the aforementioned clause, the CEO may under circumstances of emergency temporary waive this policy subject to reporting such waive or suspension to the Board.

19. AMMENDMENT AND/OR ABOLITION OF THIS POLICY

This policy may be amended or repealed by the Board as it may deem necessary.

APPROVED BY:

NAME	SIGNATURE	DESIGNATION	DATE
MS ACR Whyte		Chief Executive Officer	25 April 2024