



GUIDELINES ON THE METHODOLOGY IN DETERMINING/CALCULATING THE TARIFFS FOR TRANSPORT BETWEEN RESIDENCE AND WORK

**Compiled by the Department Public Service and
Administration**

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1. Aim

The aim of this document is to provide guidelines to departments and provinces to enable them to execute their responsibility in revising the tariffs payable for the utilisation of transport between residence and work.

2. Mandatory Framework

2.1. The broad framework for the provisioning of transport between residence and work is set out in Part X of PSCBC Resolution 3 of 1999, i.e. the collective agreement on remunerative allowances and benefits. This framework requires from the executing authority to-

2.1.1. establish a written departmental policy, within the framework of the above-mentioned collective agreement, prior to the actual provision of transport between residence and work; and

2.1.2. revise the tariffs payable for the utilisation of such transport annually.

2.2. In respect of the annual revision clause 3.4 of the above Resolution, the applicable tariffs shall be revised on 1 October of each year by the lesser of-

2.2.1. the increase in the transport Consumer Price Index, or

2.2.2. the general salary increase.

3. Obtain of approval

3.1 Executing authority

The authority to determine the tariffs for transport between residence and work is vested in the Executing Authority.

Proposals for the revision of these tariffs must be submitted in writing to the Executive Authority.

3.2 Treasury

Although the revision of the tariffs for transport between residence and work concerns an increase for the employee, it is reflected as an income on your budget. Treasury approval must be obtained subsequent to the approval obtained from the Executing Authority.

4. Consumer Price Index (CPI)

4.1. Where and how to find it

4.1.1. Stats SA publishes monthly the CPI in its Statistical Releases. Your Department can subscribe to these Statistical Releases. For this purpose you have to contact Stats S A -

- By mail at Private Bag X44, Pretoria, 0001.
- By phone (012) 310-8911
- By Fax: (012) 322-3374

4.1.2. This information can also be retrieved from Stats SA's web site: www.statssa.gov.za.

4.2. Which Consumer Price Index To Use

4.2.1. The CPI for transport should be used for purposes of determining the tariffs for transport between residence and work.

4.2.2. Since the revised tariffs should be implemented with effect from 1 October of each year, the CPI for July should be used. This CPI is published in the Statistical Release published in August.

4.3. Changes in The Base Year

4.3.1. It is important to note that Stats SA changes the base year for the CPI every 5 years. Such changes are usually announced in their Statistical Releases. Information on conversion factors is also provided in these Releases.

4.3.2. You will thus be required to make certain adjustments in your formula for calculating the tariffs, every five years. The details are discussed later in this document. Failure to make the necessary adjustments will skew your information.

5. General Salary Increase

5.1. The average salary increases for levels 1 to 12 should be used.

5.2. Information on the average salary increases can be obtained from the Department for Public Service and Administration, after conclusion of the wage negotiations.

6. Calculation of Tariffs

For purposes of the revision of the tariffs for transport between residence and work, two sets of calculations will have to be done, i.e.

- Calculations based on the CPI; and
- Calculations based on the general salary increase.

These calculations must afterwards be compared to determine the lesser increase.

6.1. Calculations based on the CPI

5.1.1 The basic formula

Multiplying the CPI for Transport with the applicable value of Y derives at the new tariff.

5.1.2 Suggested methodology

(a) **Step 1:** Obtain the CPI Transport for July.

(b) **Step 2:** Design a table according to the example at Annexure A.

(i) The table provides for 8 columns, i.e.:

- Date of adjustment
- Consumer Price Index
- Stages 1 to 5, respectively for option 1
- The uniform tariff

(ii) For ease of reference it is suggested that the columns be marked as indicated in the example A, B, C, etc.

(iii) The value of Y should be shown at the bottom row.

(c) **Step 3:** Fill in the date of adjustment, e.g. 1 October 2001 in column A.

(d) **Step 4:** Fill in the CPI Transport for July.

(e) **Step 5:** Multiply the CPI with the value of Y and insert the answer in columns C to H, respectively. Please remember to round the amounts off to the nearest 50c. These values represent the amounts for transport between residence and work according to the CPI.

5.1.3 Change in the base year

(a) As mentioned earlier Stats SA changes the base year every 5 years. Such changes are announced formally by Stats SA. The latter changes effect the value of Y and it has to be recalculated.

(b) For purposes of recalculating the value of Y, the most recent amount should be divided by the CPI Transport for January of the year in which the base year changes.

6.2. Calculation using the average wage increase

5.2.1 The basic formula

Multiplying the average wage increase with the applicable value of Y derives at the new tariff.

5.1.2 Suggested methodology

- (a) **Step 1:** Obtain the average wage increase for the year concerned.
- (b) **Step 2:** Design a table according to the example at Annexure B.
 - (i) The table provides for 8 columns, i.e.:
 - Date of adjustment
 - Average wage increase
 - Stages 1 to 5, respectively for option 1
 - The uniform tariff
 - (ii) For ease of reference it is suggested that the columns be marked as indicated in the example A, B, C, etc.
- (c) **Step 3:** Fill in the date of adjustment, e.g. 1 October 2001 in column A.
- (d) **Step 4:** Fill in the average wage increase.
- (e) **Step 5:** Multiply the average wage increase with the current amounts and insert the answer in columns C to H, respectively. Please remember to round the amounts off to the nearest 50c. These values represent the amounts for transport between residence and work according to the average wage increase.

6.3. Final determination of increase of tariff for transport between residence and work

Compare the amounts derived at in subparagraphs 5.1 and 5.2. The lesser amount of the two should form the new tariffs for transport between residence and work.

Prepare a submission with proposals and motivation to the Executing Authority for consideration and approval.

Obtain Treasury approval. It is suggested that you prepare a written request, e.g. a letter, to Treasury to obtain the necessary approval.

7. Communication

- 7.1 Since employees have to pay more as a result of the revision, though it might be little, they must be informed in time of any amendments as well as the date of implementation. It is suggested that it be done by means of a written communication setting out the full details.
- 7.2 In order to enable the PERSAL system to deduct the correct tariffs from the employees' monthly salaries, they have to be informed of the changes in the tariffs, including the implementation date. It is suggested that, where possible work sessions be arranged with PERSAL, followed by a written confirmation of the implementation proceedings.

