



Building No.4, No. 7 Government Boulevard, Riverside Park, Ext 2, Mbombela, 1200
Private Bag X 11205, Mbombela, 1200

Tel: 013 766 4281 : Int: +27 (13) 7664281

SigcinaMafa SesiFundza

UmNyango weeMali ZesiFunda

Provinsiale Tesourie

Enquiries : Mr. M Madike X4281
Ref : MPT12/3/5/1/R

PROVINCIAL TREASURY CIRCULAR NO. 57 OF 2016

TO:-

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR T MDAKANE)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MS NZ NKAMBA)
THE ACCOUNTING OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR P NYONI)
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS (MS SP XULU)
THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (MR M.W MKHIZE)
THE ACCOUNTING OFFICER: VOTE 7: EDUCATION (MS MOC MHLABANE)
THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (MR KM MOHLASEDI)
THE ACCOUNTING OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIAISON (MR W MTHOMBOTHI)
THE ACCOUNTING OFFICER: VOTE 10: HEALTH (DR S MOHANGI)
THE ACCOUNTING OFFICER: VOTE 11: CULTURE, SPORT AND RECREATION (MR W MNISI)
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS NL MLANGENI)
THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR K MASANGE)

THE CHIEF EXECUTIVE OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY (MR XGS SITHOLE)
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA GAMBLING BOARD (MR B MLAMBO)
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA REGIONAL TRAINING TRUST (MR R OOSTHUIZEN)
THE ACTING CHIEF EXECUTIVE OFFICER: MPUMALANGA TOURISM AND PARKS AGENCY (MR A SIBIYA)

THE CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR SS. SHONGWE)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR MA KHOZA)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR SEB MATSEBULA)
THE ACTING CHIEF FINANCIAL OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS (MR SM MASEKO)
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (MR CT DLAMINI)
THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION (MS MMG MASHITENG)
THE CHIEF FINANCIAL OFFICER: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (MS HN MDAKA)
THE CHIEF FINANCIAL OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY & LIAISON (MS SA SEFALA)
THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (MR CB MNISI)
THE ACTING CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE, SPORT AND RECREATION (MR MAMARU)
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MR JB MBATHA)
THE ACTING CHIEF FINANCIAL OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR TC MASHILE)

THE CHIEF FINANCIAL OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY (MR E POTGIETER)
THE CHIEF FINANCIAL OFFICER: MPUMALANGA GAMBLING BOARD (MR BL MASEKO)
THE CHIEF FINANCIAL OFFICER: MPUMALANGA REGIONAL TRAINING TRUST (MR MG JAFTA)
THE ACTING CHIEF FINANCIAL OFFICER: MPUMALANGA TOURISM AND PARKS AGENCY (MR S MATHYE)

THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT: PROVINCIAL TREASURY
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT: PROVINCIAL TREASURY
THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE: PROVINCIAL TREASURY

COST CONTAINMENT MEASURES

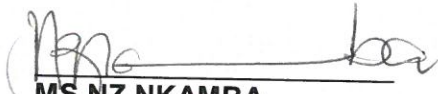
Attached, for attention and implementation, please find National Treasury Instruction No. 02 and 03 of 2016/2017.

You are requested to submit the completed monthly template to the Programme Officer responsible for your Vote in the Budget and Expenditure Unit in the Provincial Treasury. Votes responsible for Public Entities must also submit the templates for the relevant Entity to the same Programme Officer.

The template must be submitted with the monthly IYM report to the Provincial Treasury.

Your co-operation is appreciated.

Kind regards


MS NZ NKAMBA
HEAD: PROVINCIAL TREASURY
DATE: 17/10/2016



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND
CONSTITUTIONAL INSTITUTIONS**

**ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN
SCHEDULES 2 AND 3 TO THE PFMA**

HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY INSTRUCTION NO. 02 OF 2016/2017

COST CONTAINMENT MEASURES

1 PURPOSE

- 1.1 This Treasury Instruction repeals Treasury Instruction No. 1 of 2013/2014 on Cost Containment Measures and introduces revised cost containment measures for departments, constitutional institutions and public entities listed in Schedules 2 and 3 to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).
- 1.2 Cost containment measures applicable to executive authorities will be prescribed in the revised Ministerial Handbook.

2 BACKGROUND

- 2.1 Section 38(1)(b) of the PFMA requires accounting officers of departments and constitutional institutions to be responsible for the effective, efficient, economical and transparent use of their respective institutions' resources. Sections 38(1)(c)(iii) and 51(1)(b)(iii) of the PFMA require accounting officers and accounting authorities to take effective and appropriate steps to manage the available working capital of their respective institutions efficiently and economically.
- 2.2 Accounting officers and accounting authorities are therefore required to implement control measures to ensure that all expenditure in their respective institutions is necessary, appropriate, cost-effective and is recorded and reported, as prescribed by the relevant legislative framework.
- 2.3 In giving effect to this requirement, accounting officers and accounting authorities are responsible for ensuring that all employees are mindful of the current economic realities and the need to intensify efforts to improve efficiency in expenditure.
- 2.4 Accounting officers and accounting authorities are required to implement the cost containment measures set out in paragraphs 4 and 5 of this Treasury Instruction.
- 2.5 The enclosed **Annexure A** contains cost containment measures that accounting officers and accounting authorities may consider introducing to further curtail operational costs and to eliminate non-essential expenditure.

3 ENFORCEMENT OF COST CONTAINMENT MEASURES

- 3.1 Accounting officers of departments and constitutional institutions are reminded that section 38(1)(c)(ii) of the PFMA require accounting officers to take effective and appropriate steps to prevent unauthorised expenditure (in the case of departments) and irregular expenditure and fruitless and wasteful expenditure (in the case of departments and constitutional institutions). Section 51(1)(b)(ii) of the PFMA requires similar of accounting authorities of public entities.
- 3.2 In terms of sections 45(c) and 57(c) of the PFMA, employees must (within their areas of responsibility), take effective and appropriate steps to prevent unauthorised expenditure (in the case of employees of departments) and irregular expenditure and fruitless and wasteful expenditure (in the case of employees of all institutions).
- 3.3 Non-compliance with the provisions of this Treasury Instruction can constitute grounds for financial misconduct, as regulated in Chapter 10 of the PFMA.
- 3.4 Irregular expenditure resulting from non-compliance with this Treasury Instruction must be recorded as such in the irregular expenditure register and disclosed appropriately in the annual financial statements of the institution.

4 COST CONTAINMENT MEASURES**Annual Cost Containment Plan**

- 4.1 Accounting officers and accounting authorities must develop a cost-containment plan annually as part of their institution's strategic and/or annual performance planning exercises, which sets out specific measures to be taken to improve cost-efficiencies, the effectiveness of supply chain management processes and procedures, the elimination of wasteful expenditure as well as to ensure that value for money is achieved in the delivery of programmes and services.
- 4.2 The annual cost containment plan must be in a format as approved by the accounting officer or accounting authority.
- 4.3 When preparing an annual cost-containment plan, accounting officers and accounting authorities must ensure that the implementation of cost-containment measures are appropriately prioritised per main division (in the case of departments) and per business unit (in the case of constitutional institutions and public entities) and that such measures are effectively monitored and reported on in the institution's annual report.
- 4.4 Annual cost-containment plans must at least include measures to be taken to reduce –
- (a) unnecessary expenditure on consultants or professional service providers;
 - (b) travel and accommodation expenditure, including international travel;
 - (c) expenditure on catering, social events, entertainment allowances, corporate branded items, communication and advertising and the hiring of venues; and
 - (d) the size of delegations to events, conferences, consultations and meetings.

Engagement of professional service providers (consultants)

- 4.5 Accounting officers and accounting authorities must ensure that consultants are appointed only where this is a cost-effective alternative to the utilisation of staff employed by the department, constitutional institution or the public entity concerned. The appointment of consultants must be supported by a motivated business case setting out an analysis of the underlying skills gap and a diagnosis of requirements and specified deliverables, as approved by the accounting officer or accounting authority.

Cost Containment Measures

- 4.6 Bid documentation for the appointment of consultants must include a clause that rates of remuneration will be subject to negotiation, not exceeding the applicable rates as contained in the guidelines referred to in paragraph 4.7 of this Treasury Instruction.
- 4.7 Accounting officers and accounting authorities must adopt a fair and reasonable remuneration framework for consultants, taking into account –
- (a) The “Guideline on Fees for Audits done on behalf of the Auditor-General of South Africa (AGSA)”¹ as issued by the South African Institute of Chartered Accountants (SAICA);
 - (b) The “Guide on Hourly Fee Rates for Consultants”, as issued by the Department of Public Service and Administration (DPSA); and/or
 - (c) Remuneration guidelines issued by professional service organisations or regulatory bodies, as may be relevant.
- 4.8 When negotiating cost-effective consultancy rates for international consultants and expert advisors, accounting officers and accounting authorities may also take into account the relevant international and market-determined reference rates.
- 4.9 Consultants must, where practical, be appointed on an output-specified basis, subject to a clear specification of deliverables and associated remuneration. Where consultants are appointed on a time and cost basis, this must be accompanied by regular monitoring and reporting on activities, outputs and deliverables.
- 4.10 Consultancy contracts must include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements.
- 4.11 Accounting officers and accounting authorities may approve alternative travel and subsistence arrangements for international consultants and expert advisors, taking into account relevant cost-efficiency measures.
- 4.12 Accounting officers and accounting authorities must ensure that appropriate monitoring and reporting requirements are set for all consultancy contracts and that penalty provisions are invoked when deemed necessary.

Catering expenses

- 4.13 Accounting officers and accounting authorities must implement policies and procedures to eliminate unnecessary catering expenses.
- 4.14 Departments, constitutional institutions and public entities may not incur catering expenses for internal meetings², unless approved otherwise by the relevant accounting officer or accounting authority.
- 4.15 Notwithstanding the provisions of paragraph 4.14 of this Treasury Instruction, departments, constitutional institutions and public entities may incur catering expenses for official engagements that last for five (5) continuous hours or more, including –
- (a) the hosting of conferences, workshops, indabas, forums, recruitment interviews, training sessions or hearings;

¹ The rates in the “Guideline on Fees for Audits done on behalf of the Auditor-General of South Africa (AGSA)” may be used even though the assignment may not be audit related.

² For purposes of applying this paragraph of the Treasury Instructions, meetings held with employees from the same institution who are not based at the centre where the meeting is being held are not considered as internal meetings.

Cost Containment Measures

- (b) meetings related to commissions or committees of inquiry; or
- (c) meetings hosted by the accounting officer or accounting authority, including governance committee meetings.

Entertainment expenses

- 4.16 Entertainment allowances for qualifying persons³ may not exceed two thousand rand (R2000) per person per financial year, unless approved otherwise by the accounting officer or accounting authority.
- 4.17 Entertainment allowances for accounting officers, accounting authorities⁴, chief executive officers or other persons in charge of public entities may not exceed four thousand rand (R4000) per person per financial year, unless approved otherwise by the National Treasury.

Alcohol expenses

- 4.18 Expenditure on alcoholic beverages may not be included in the accommodation or subsistence costs of employees of departments, constitutional institutions or public entities or by persons appointed in terms of section 12A of the Public Service Act, 1994.
- 4.19 Expenses related to alcohol may not be claimed as part of reimbursable expenses, including entertainment expenses, by employees of departments, constitutional institutions or public entities or by persons appointed in terms of section 12A of the Public Service Act, 1994.
- 4.20 Accounting officers and accounting authorities may only incur expenses on alcoholic beverages at –
- (a) state banquets;
 - (b) functions hosted for the promotion of South Africa and its goods or services; or
 - (c) the hosting of foreign dignitaries.

Expenses related to social functions and corporate branded items

- 4.21 Accounting officers and accounting authorities must ensure that social functions, team building exercises, year-end functions, sporting events, budget vote dinners and other functions that have a social element are not financed from the budgets of their respective institutions or by any suppliers or sponsors.
- 4.22 Expenditure may not be incurred by departments, constitutional institutions and public entities on corporate branded items of clothing or goods for personal use of employees (other than uniforms, office supplies and tools of trade) unless costs related thereto are recovered from those employees that are availed the items.
- 4.23 Accounting officers and accounting authorities may incur expenditure to host farewell functions in recognition of employees who –
- (a) retire after serving the department, constitutional institution or public entity for ten (10) or more years; or

³ Qualifying persons are those employees who are allocated an entertainment allowance in terms of a policy of the institution.

⁴ Where the public entity has a board or controlling body, the entertainment allowance of R4000 shall be applicable to that board or controlling body as a collective and not for individual members.

- (b) retire on grounds of ill health.

Expenses on newspapers and other publications

- 4.24 Newspapers and other related publications for the use of employees must be discontinued on expiry of existing contracts or supply orders.

Expenses related to telephone, cellular phones and data facilities

- 4.25 Accounting officers and accounting authorities must implement policies and procedures to effectively manage and monitor expenses related to telephones, cellular phones and data facilities, including the recovery of costs for the private use thereof by employees.
- 4.26 The allocation of cellular phones and data facilities and the reimbursement of communication related expenses must be managed in accordance with the requirements associated with an employee's responsibilities rather than levels of occupational positions.
- 4.27 Accounting officers and accounting authorities must, subject to paragraph 4.28 of this Treasury Instruction, participate in the transversal term contract (RT15) arranged by the National Treasury for the acquisition of mobile communication services. Documents related to this transversal term contract can be downloaded via the following web link:
<http://www.treasury.gov.za/divisions/ocpo/ostb/contracts/default.aspx>
- 4.28 If accounting officers and accounting authorities decide not to participate in the transversal term contract referred to in paragraph 4.27 of this Treasury Instruction, the accounting officers and accounting authorities concerned must report to the National Treasury, the discounts that will be achieved by their respective institutions prior to the conclusion of their mobile communication contracts. This information must be submitted to the National Treasury via e-mail to transversal.contracting@treasury.gov.za.

Expenses related to advertising

- 4.29 Accounting officers and accounting authorities must exercise strict control of public communication campaigns, publications and advertisements to ensure moderation and cost-effectiveness. Vacancies must, where practical, be advertised through bulk advertisements with minimal information related to the position. Detailed job specifications related should be provided on the website of the department, constitutional institution or public entity.

Hiring of Venues

- 4.30 Expenditure on the hiring of venues for official engagements must be strictly controlled and government-owned facilities and resources must be used unless such venues are not available.

5 COST CONTAINMENT MEASURES RELATED TO THE HOSTING OF AND ATTENDANCE AT CONFERENCES OR EVENTS

Review of planned conferences⁵ and events

- 5.1 Before approving the hosting of conferences or events, accounting officers and accounting authorities must ensure that the costs associated with such have been reliably

⁵ A conference is a formal meeting of people with a shared interest, typically taking place over several days and includes conventions, symposiums, roundtables, and exhibitions where participants exchange ideas, debate or discuss matters of a specialized or professional nature that is necessary for pursuing.

Cost Containment Measures

estimated, cost-effective options have been assessed and that sufficient budgeted funds are available to host the conference or event.

- 5.2 When assessing whether to host conferences or events, at least the following costs must also be taken into account –
- (a) employee time for conference or event preparation and planning;
 - (b) employee time for attendance at the conference or event or en route; and
 - (c) any other costs referred to in paragraph 5.6 of this Treasury Instruction that are charged for the hosting or running of the conference or event.
- 5.3 When assessing cost-effective options to host conferences or events for 300 or more delegates, accounting officers and accounting authorities must take cognisance of the cost restrictions referred to in paragraph 5.5 of this Treasury Instruction.
- 5.4 Accounting officers and accounting authorities must treat each conference or event that is hosted as a separate project and all expenditure incurred by the department, constitutional institution or public entity for hosting a conference or event must be recorded against the relevant items associated with a project.

Hosting of conferences or events (within the borders of South Africa)

- 5.5 Accounting officers and accounting authorities may proceed with the hosting of conferences or events where the expenses related thereto do not exceed the rates referred to in **Table 1** of this Treasury Instruction. The National Treasury may periodically review these amounts.

Table 1: Rates set for hosting of conferences or events per person per day

<i>Hotel Grading</i>	<i>Cost per delegate per day</i>
3 Star	R 350.00
4 Star	R 480.00
5 Star	R 565.00

Inclusive of conference or event package, food and beverages excluding costs of other services and items that conference or event organizers will require.

- 5.6 For the purposes of paragraph 5.5 of this Treasury Instruction, the following services that are required by the conference or event organisers are excluded from the costs referred to in **Table 1** –
- (a) hiring of the venue, including the hiring of rooms for official business;
 - (b) usage of audio visual and other equipment;
 - (c) computer, fax, internet and telephone access;
 - (d) printing;
 - (e) outlays for conference or event preparation and planning;
 - (f) transportation of equipment or material to be showcased at the conference or event;
 - (g) speaker fees;
 - (h) administrative expenses;

Cost Containment Measures

- (i) translation and interpretation expenses; or
 - (j) security costs to ensure the safety of attendees or dignitaries.
- 5.7 Where the expenses related to a conference or event exceeds the rates referred to in paragraph 5.5 of this Treasury Instruction, the accounting officer or accounting authority must obtain prior written approval from the relevant treasury before proceeding with any arrangements related to that conference or event. If such prior written approval is not obtained, the expenditure related thereto shall be regarded as irregular expenditure and *ex post facto* approval may not be granted by the relevant treasury.
- 5.8 When approaching the relevant treasury for approval in terms of paragraph 5.7 of this Treasury Instruction, the accounting officer or accounting authority must, as a minimum, submit the following information –
- (a) the nature of the conference or event;
 - (b) the target audience;
 - (c) the total number of anticipated delegates;
 - (d) the attendance cost per person;
 - (e) the breakdown of the conference or event expenses;
 - (f) how the conference or event contributes to the mandate of the department, constitutional institution or public entity; and
 - (g) how the conference or event contributes to relationships with stakeholders.
- 5.9 Accounting officers and accounting authorities must exercise effective control of conference or event expenses and avoid incurring non-essential expenditure by identifying opportunities to maximise the use of government owned facilities and resources, where available.

Attendance at external conferences or events (within the borders of South Africa)

- 5.10 Accounting officers and accounting authorities must establish policies and procedures to manage applications by employees to attend conferences or events hosted by professional bodies or non-governmental institutions (external conferences or events) held within the borders of South Africa, taking into account their merits and benefits, costs and available alternatives.
- 5.11 Accounting officers and accounting authorities may consider appropriate benchmark costs with other professional bodies or regulatory bodies prior to granting approval for an employee to attend a conference or event within the borders of South Africa. Such benchmark costs may not exceed R2 500 per employee per day. The National Treasury may periodically review this amount.
- 5.12 If the amount referred to in paragraph 5.11 of this Treasury Instruction exceeds R2 500 per employee per day, the accounting officer or accounting authority may consider granting approval for employees of their respective institutions to attend.
- 5.13 The amount referred of R2 500 or the amount approved in terms of paragraph 5.12 of this Treasury Instruction excludes costs related to travel, accommodation and related expenses, however includes the following –
- (a) conference or event registration expenses;

Cost Containment Measures

- (b) incidental expenses; and
 - (c) any other expense incurred in relation to the conference or event.
- 5.14 Accounting officers and accounting authorities must ensure that travel and subsistence expenses related to their respective employees are consistent with National Treasury Instruction No. 03 of 2016/2017 dated 30 September 2016 on Cost Containment Measures related to Travel and Subsistence.
- 5.15 When reviewing applications from employees to attend conferences or events within the borders of South Africa, accounting officers and accounting authorities must at least take the following into account –
- (a) the employee's role and responsibilities and the anticipated benefits of the conference or event;
 - (b) whether the conference or event addresses relevant concerns of the institution;
 - (c) the appropriate number of employees attending the conference or event; and
 - (d) the availability of funds to meet expenses related to the conference or event.
- 5.16 Approvals granted by accounting officers and accounting authorities in terms of paragraph 5.12 of this Treasury Instruction must be disclosed in the annual report of their respective institutions in accordance with paragraph 8.2 of this Treasury Instruction.
- 5.17 Employees of departments, constitutional institutions and public entities must, where applicable, take advantage of early registration discounts for conferences or events.
- 5.18 Employees of departments, constitutional institutions and public entities may not participate in conferences or events that offer inappropriate marketing benefits such as laptops, tablets and other similar electronic equipment to attendees.

Attendance at external conferences, events and study tours (outside South Africa)

- 5.19 Accounting officers and accounting authorities must establish policies and procedures for the approval of employees attending conferences, events and study tours hosted by professional bodies and other governmental or non-governmental institutions held outside the borders of South Africa (external conferences, events and study tours), taking into account their merits, benefits, costs and available alternatives.
- 5.20 Expenses related to the attendance of external conferences, events or study tours may not exceed R60 000 per employee per conference, event or study tour. The National Treasury may periodically review this amount.
- 5.21 If the amount referred to in paragraph 5.20 of this Treasury Instruction exceeds R60 000 per employee per conference, event or study tour, the accounting officer or accounting authority may consider granting approval for employees of their respective institutions to attend.
- 5.22 The amount of paragraph R60 000 or the amount approved in terms of paragraph 5.21 of this Treasury Instruction excludes costs related to travel, accommodation and related expenses, but includes costs related to the following –
- (a) conference registration expenses;
 - (b) incidental expenses; and

Cost Containment Measures

- (c) any other expense incurred in relation to the conference, event or study tour.
- 5.23 Accounting officers and accounting authorities must ensure that travel and subsistence expenses related to their respective employees are consistent with National Treasury Instruction No. 03 of 2016/2017 dated 30 September 2016 on Cost Containment Measures related to Travel and Subsistence.
- 5.24 When considering applications by employees to attend conferences, events or study tours outside the borders of South Africa, accounting officers and accounting authorities must at least take the following into account –
 - (a) the employee's role and responsibilities and anticipated benefits of the conference, event or study tour;
 - (b) whether the conference, event or study tour addresses relevant concerns of the institution;
 - (c) the number of employees attending the conference, event or study tour is limited to one (1), unless approved otherwise by the accounting officer or accounting authority; and
 - (d) funds are available in the institution's budget to meet expenses related to the conference, event or study tour.
- 5.25 Approvals granted by accounting officers and accounting authorities in terms of paragraph 5.21 of this Treasury Instruction must be disclosed in the annual report of their respective institutions in accordance with paragraph 8.2.
- 5.26 Employees of departments, constitutional institutions and public entities must, where applicable, take advantage of early registration discounts by seeking the required approvals to attend well in advance of the conference, event or study tour.

6 TRAVEL AND SUBSISTANCE

Accounting officers and accounting authorities must ensure that all travel and subsistence expenditure incurred by their respective institutions is consistent with National Treasury Instruction No. 03 of 2016/2017 dated 30 September 2016 on Cost Containment Measures related to Travel and Subsistence.

7 MONTHLY REPORTING ON COST CONTAINMENT MEASURES

- 7.1 In terms of section 6(2)(c) of the PFMA, the National Treasury must monitor and assess implementation of this Act. "This act" is defined in section 1 of the PFMA as including any regulation or instruction issued in terms of section 69, 76, 85 or 91.
- 7.2 In order to give effect to section 6(2)(c) of the PFMA, departments, constitutional institutions and public entities must report monthly cost containment information in the format contained in **Annexure B** to this Treasury Instruction. This information relates specifically to paragraphs 4 and 5 of this Treasury Instruction.
- 7.3 The information required in terms of paragraph 7.2 of this Treasury Instruction must be submitted to the National Treasury via the following web link:

<http://pfmportal.treasury.gov.za/sites/costcontainment>

8 REPORTING OF COST CONTAINMENT INFORMATION IN THE ANNUAL REPORT

- 8.1 Accounting officers and accounting authorities must, in the annual report of their respective institutions, report the following information separately in respect of each conference or event hosted –

Cost Containment Measures

- (a) the name of the conference or event;
- (b) the division or business unit that hosted the conference or event;
- (c) the date on which the conference or the event was held;
- (d) the venue and location where the conference or event was held;
- (e) the total number of participants that attended the conference or event;
- (f) a brief description of the purpose of the conference or event and how it advanced the mission of the department, constitutional institution or public entity;
- (g) a description of the contracting procedures that were followed to secure the conference or event venue; and
- (h) the total expenses incurred by the department, constitutional institution or public entity on the conference or event, including a breakdown of those expenses related to the –
 - (i) hiring of the conference venue;
 - (ii) food and beverages;
 - (iii) speaker fees; and
 - (iv) usage of audio visual and other equipment.

- 8.2 Accounting officers and accounting authorities must, in the annual report of their respective institutions, report on the approvals granted for employees to attend conferences, events or study tours that are in excess of the thresholds prescribed in paragraphs 5.12 and 5.21 of this Treasury Instruction.

9 REQUESTS FOR TREASURY APPROVAL

- 9.1 Accounting officers of national departments, constitutional institutions and accounting authorities of national public entities must submit requests for treasury approvals, as referred to in paragraph 4.17 and 5.7 of this Treasury Instruction to:

**The Director-General
National Treasury
Private Bag X115
PRETORIA
0001**

For attention: The Accountant-General

- 9.2 Accounting officers of provincial departments and accounting authorities of provincial public entities must submit requests for approval, as referred to in paragraph 5.7 of this Treasury Instruction, to their respective provincial treasuries.

10 ADDITIONAL COST CONTAINMENT MEASURES

In addition to the cost containment measures prescribed in paragraphs 4 and 5 of this Treasury Instruction, accounting officers and accounting authorities are urged to consider implementing additional cost containment measures as contained in the enclosed **Annexure A**. Such measures are considered necessary especially in light of the current economic realities that South Africa faces.

11 APPLICABILITY

This Treasury Instruction applies to all departments, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

12 EFFECTIVE DATE

This Treasury Instruction takes effect from 1 November 2016.

13 REPEAL OF NATIONAL TREASURY INSTRUCTION NO. 1 OF 2013/2014

National Treasury Instruction No. 01 of 2013/2014 on Cost Containment Measures dated 19 December 2013 is hereby repealed.

14 DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

14.1 Accounting officers of national departments are requested to bring the contents of this Treasury Instruction to the attention of all:

(a) accounting officers of constitutional institutions that are funded through their respective departmental votes; and

(b) accounting authorities of public entities reporting to their executive authorities.

14.2 Head officials of provincial treasuries are requested to bring the contents of this Treasury Instruction to the attention of all accounting officers of departments and accounting authorities of public entities in their respective provinces.

15 AUTHORITY FOR THIS INSTRUCTION

This Treasury Instruction is issued in terms of section 76(4) (b) of the PFMA.

16 CONTACT INFORMATION

Enquiries related to this Treasury Instruction may be directed to:

Moipone Ramoipone

Director: PFMA Support

Office of the Accountant-General

Phone: 012 315 5284

E-Mail: oaqueries@treasury.gov.za; or

PFM queries portal: <http://pfmportal.treasury.gov.za/>



JAYCE M NAIR

ACTING ACCOUNTANT-GENERAL

DATE: 30 SEPTEMBER 2016

**ADDITIONAL COST CONTAINMENT MEASURES FOR CONSIDERATION BY
ACCOUNTING OFFICERS AND ACCOUNTING AUTHORITIES**

Inventory

1. Supplier and early settlement discounts can be negotiated to secure lower prices.
2. Savings on the amount of paper used may be considered by printing draft documents 'back to back' and by using colour printing facilities sparingly.
3. The use of electronic mail (email) should be encouraged instead of postage.
4. Consideration should be given to purchasing software licenses through the State Information Technology Agency (SITA) to leverage economies of scale and preferential rates.

Water and Electricity

5. Water and electricity must be used sparingly to lower utility costs.

Communication

6. Telephone and/or video conferencing facilities should be used, where possible, to avoid unnecessary travel and subsistence costs.

Advertising

7. Consideration should be given to utilising the services of the Government Communications and Information System (GCIS) for media related needs.

Miscellaneous measures

8. There should be synergy between similar business activities to avoid duplication of processes and efforts.
9. Labour saving devices should be shared within the establishment to optimize the capacity utilization of each device.
10. Warranties on motor vehicles and computer equipment should, where possible, be extended for reasonable periods instead of procuring new motor vehicles and computer equipment.
11. Purchasing of new furniture and equipment and office refurbishments should only be undertaken where absolutely necessary.

TEMPLATE ON THE MONTHLY REPORTING OF COST CONTAINMENT MEASURES IS
ENCLOSED ON THE FOLLOWING LINK.

<http://www.treasury.gov.za/legislation/pfma/TreasuryInstruction/AccountGeneral.aspx>

**TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND
CONSTITUTIONAL INSTITUTIONS
ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN
SCHEDULES 2 & 3 TO THE PFMA
HEAD OFFICIALS OF PROVINCIAL TREASURIES**

NATIONAL TREASURY INSTRUCTION NO. 03 OF 2016/2017

COST CONTAINMENT MEASURES RELATED TO TRAVEL AND SUBSISTENCE

1. PURPOSE

- 1.1. This National Treasury Instruction prescribes new measures related to travel and subsistence to be implemented by accounting officers of departments and constitutional institutions and accounting authorities of public entities listed in Schedules 2 and 3 to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).
- 1.2. Cost containment measures related to travel and subsistence that are applicable to executive authorities will be prescribed in the Ministerial Handbook.
- 1.3. This National Treasury Instruction must be read in conjunction with National Treasury Instruction No. 02 of 2016/2017 dated 30 September 2016 on Cost Containment Measures.

2. BACKGROUND

- 2.1 Section 38(1)(b) of the PFMA requires accounting officers of departments and constitutional institutions to be responsible for the effective, efficient, economical and transparent use of their respective institutions' resources. Sections 38(1)(c)(iii) and 51(1)(b)(iii) of the PFMA also require accounting officers and accounting authorities to take effective and appropriate steps to manage the available working capital of their respective institutions effectively and efficiently.
- 2.2 Accounting officers and accounting authorities are therefore required to implement control measures to ensure that all expenditure incurred by their respective institutions is necessary, appropriate and cost-effective. Accounting officers and accounting authorities are also required to ensure that all invoices are paid within 30 days from receipt of an invoice, unless otherwise agreed in a contract or other agreement with the supplier. All expenditure must be recorded and reported, as prescribed by the relevant legislative framework.
- 2.3 Accounting officers and accounting authorities are also responsible to ensure that all employees in their respective institutions are mindful of the current economic realities and the need to intensify efforts to improve efficiency in expenditure and to exercise vigilance over supply chain management processes and procedures.
- 2.4 Cabinet resolved that all spheres of government must implement measures to contain costs and eliminate all non-essential expenditure.

- 2.5 In the 2016 State of the Nation Address, the President re-emphasised the need to contain costs, to reduce excessive expenditure and to eliminate wasteful and unnecessary expenditure.

3. NATIONAL TRAVEL POLICY FRAMEWORK

Travel and Accommodation Rates

- 3.1. The National Treasury has negotiated improved upfront discounts on domestic flights for all departments, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.
- 3.2. The National Treasury has also established maximum allowable rates for domestic accommodation applicable to all departments, constitutional institutions and public entities.
- 3.3. Departments, constitutional institutions and public entities must use the discounted rates alluded to in paragraph 3.1 and as referred to in paragraph 5.4 of this Treasury Instruction. Institutions are encouraged to negotiate lower rates or utilise service providers that offer rates that are lower than the rates alluded to in paragraph 3.2 and as referred to in paragraph and as referred to in paragraph 5.16 of this Treasury Instruction.

Net and Non-Commissionable Rates

- 3.4. All rates offered to Government for domestic air and land arrangements must be net and non-commissionable¹ with effect from the date of this Treasury Instruction. This will include rates offered by domestic airlines, hotels, car rental companies and the informal accommodation market e.g. Guest Houses, Bed & Breakfast or similar establishments.

National Travel Policy Framework

- 3.5. During December 2016, the National Treasury will issue a National Travel Policy Framework. Departments, constitutional institutions and public entities must adapt their institutional instructions, policies and standard operating procedures to this National Travel Policy Framework by no later than 31 March 2017.
- 3.6. The National Travel Policy Framework and the adapted institutional instructions, policies and standard operating procedures referred to in paragraph 3.5 of this Treasury Instruction shall take effect from 1 April 2017.

4. ENFORCEMENT OF COST CONTAINMENT MEASURES

- 4.1. In terms of sections 38(1)(n) and 51(1)(h) of the PFMA, accounting officers and accounting authorities must comply and ensure compliance with the PFMA, Treasury Regulations and Treasury Instructions.
- 4.2. Sections 45(c) and 57(c) of the PFMA require employees to take effective and appropriate steps to prevent unauthorised expenditure (in the case of employees of departments), irregular expenditure and fruitless and wasteful expenditure (in the case of employees of all institutions) within their areas of responsibility.
- 4.3. Accounting officers and accounting authorities are reminded that adherence to Treasury Instructions is subject to the enforcement provisions of the PFMA and non-compliance with the provisions of this National Treasury Instruction can constitute grounds for financial misconduct, as referred to in Chapter 10 of the PFMA.

¹ The net and non-commissionable rate means a rate that does not include any third party reward, i.e. a rate that is not marked up to include any commissions.

- 4.4. Expenditure in contravention of the provisions of this Treasury Instruction may result in irregular expenditure and, if so, such expenditure must be recorded in the irregular expenditure register and disclosed appropriately in the annual financial statements of the institution.

5. COST CONTAINMENT MEASURES

Employees travelling on same engagements

- 5.1. Accounting officers and accounting authorities must implement policies and procedures to restrict the number of employees and, where applicable, persons appointed on policy considerations in terms of section 12A of the Public Service Act, 1994 travelling to the same event, conference, consultation or meeting to reasonable and necessary representation, including representations to Parliament or Provincial Legislatures.
- 5.2. Delegations to the same event, conference, consultation or meeting may only exceed three (3) employees or persons appointed on grounds of policy considerations if approved in advance by the relevant accounting officer or accounting authority.
- 5.3. The provisions of paragraphs 5.1 and 5.2 of this Treasury Instruction do not apply to –
- (a) accounting officers of departments and constitutional institutions;
 - (b) deputy directors-general or persons holding equivalent ranks in departments²
 - (c) persons appointed on grounds of policy considerations in terms of section 12A of the Public Service Act, 1994;
 - (d) employees at the level of management that report directly to the chief executive officer of a constitutional institution;
 - (e) members of the accounting authority of a public entity;
 - (f) the chief executive officer or any other person in charge of the public entity;
 - (g) employees at the level of management that report directly to the chief executive officer or to any other person in charge of the public entity;
 - (h) employees of departments, constitutional institutions and public entities performing official duties in Parliament or in a provincial legislature other than those referred to in paragraph 5.1 of this Treasury Instruction; and
 - (i) Non-executive members serving on any governance committee in a department, constitutional institution or public entity.

Domestic air travel upfront discounted fares

- 5.4. The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees travelling domestically on official business. The Domestic Air Travel Fares are attached as **Annexure A** and will be regularly reviewed by the National Treasury.

² This does not apply to persons holding other ranks/positions in departments but who are remunerated at salary levels 15.

- 5.5. Employees of departments, constitutional institutions and public entities must implement the **best-fare-of-the-day**³ by making use of the negotiated discounted rates with SAA and BA. These agreements are **not exclusive** agreements and, before confirming a booking, accounting officers and accounting authorities must ensure that their appointed Travel Management Companies (TMCs) or persons making their bookings, whichever applicable, compare the rates of SAA and BA with other airlines servicing the specific routes, including the low cost carriers.
- 5.6. In order to make full use of the corporate discount with SAA and BA, departments, constitutional institutions and public entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the following relevant deal codes⁴ assigned to Government:
- (a) SAA Government deal code: **CK3282**
 - (b) BA Government deal code: **Deal code per department (Annexure B)**

Air travel arrangements for departments and constitutional institutions

- 5.7. Employees of departments and constitutional institutions, including support staff, administrative staff, the Chief of Staff, media liaison officers, parliamentary officers, private secretaries, assistant appointment secretaries, receptionists, registry clerks, drivers, messengers and VIP protection personnel may only travel economy class if the flying duration is for **five (5) hours or less**.
- 5.8. Business class tickets for flights that are **five (5) hours or less** may only be purchased for:
- (a) Directors-General or persons holding equivalent ranks in departments;
 - (b) persons appointed on grounds of policy considerations in terms of Section 12A of the Public Service Act, 1994 (i.e. advisors to executive authorities); and
 - (c) accounting officers of constitutional institutions.
- 5.9. For flights **exceeding five (5) hours**, business class tickets may only be purchased for –
- (a) Directors-General or persons holding equivalent ranks in departments;
 - (b) Deputy Directors-General and Chief Directors or persons holding equivalent ranks in a department⁵;
 - (c) persons appointed on grounds of policy considerations in terms of section 12A of the Public Service Act, 1994 (i.e. advisors to executive authorities);
 - (d) accounting officers of constitutional institutions;
 - (e) employees at the level of management that report directly to the accounting officer of a constitutional institution;

³ The lowest fare at the time of booking and for which a seat is available, that meets the business requirements of the traveller.

⁴ The code that the Travel Management Companies must quote/insert when making the booking in order to benefit from the negotiated discounted fares.

⁵ This does not apply to persons holding other ranks/positions but who are remunerated at salary levels 14 or 15.

- (f) employees at the level of management that report directly to the employees referred to in paragraph (e) above; and
 - (g) non-executive members serving on any governance committee of a department or constitutional institution⁶.
- 5.10. Notwithstanding the provisions of paragraphs 5.7, 5.8 and 5.9 of this Treasury Instruction, accounting officers of departments and constitutional institutions may approve the purchase of business class tickets –
- (a) for employees with disabilities;
 - (b) for employees with special needs⁷;
 - (c) in cases where economy class flights are not available⁸; or
 - (d) where the business class ticket is the same price or cheaper than the economy class ticket⁹.

Air travel arrangements for public entities listed in Schedules 2 and 3 to the PFMA

- 5.11. Employees of public entities may only travel economy class if the flying duration is **five (5) hours or less**.
- 5.12. Business class tickets for flights that are for **less than five (5) hours** may only be purchased for –
- (a) members of the accounting authority;
 - (b) the chief executive officer or other person in charge of the public entity;
 - (c) employees at the level of management that report directly to the chief executive officer or to the other person in charge of the public entity; and
 - (d) non-executive members serving on any governance committee of the public entity¹⁰.
- 5.13. For flights **exceeding five (5) hours**, business class tickets may only be purchased for:
- (a) members of the accounting authority;
 - (b) the chief executive officer or other person in charge of the public entity;
 - (c) employees at the level of management that report directly to the chief executive officer or to the other person in charge of the public entity;
 - (d) employees at the level of management that report directly to the employees referred to in (c) above; and
 - (e) non-executive members serving on any governance committee of the public entity.

⁶ These governance committees include audit committees and risk management committees.

⁷ Special needs means a distinctly different need of an employee that requires the accounting officer or accounting authority to make a judgment call to provide for such a need.

⁸ A complete and accurate trail of such cases must be kept by the accounting officer for audit purposes.

⁹ A complete and accurate trail of such cases must be kept by the accounting officer for audit purposes.

¹⁰ These governance committees include audit, risk and remuneration committees.

- 5.14. Notwithstanding the provisions of paragraph 5.11, 5.12 and 5.13 of this Treasury Instruction, the accounting authority may approve the purchase of business class tickets –
- (a) for employees with disabilities;
 - (b) for employees with special needs;
 - (c) in cases where economy class flights are not available¹¹; or
 - (d) where the business class ticket is the same price or cheaper than the economy class ticket¹².

Corporate miles

- 5.15. Accounting officers and accounting authorities must, where applicable, ensure that corporate air miles accumulated through loyalty programmes are used to acquire air tickets.

Domestic accommodation

- 5.16. Accounting officers and accounting authorities must ensure that accommodation and subsistence expenditure is in accordance with the maximum allowable rates set out in the Domestic Accommodation Rate Grid enclosed as **Annexure C** to this Treasury Instruction. The National Treasury will regularly review the rates contained in the enclosed **Annexure C**.
- 5.17. Departments, constitutional institutions and public entities may negotiate with accommodation facilities to secure rates that are lower than those prescribed in the enclosed **Annexure C**.
- 5.18. The Domestic Accommodation Rate Grid enclosed as **Annexure C** determines the maximum allowable rate per star grading within which an employee is allowed to be accommodated in accordance with his or her employee level.
- 5.19. Accounting officers and accounting authorities must utilise the information contained in **Table 1** to reflect equal and appropriate positions/designations in the institutional policy of the department, constitutional institution or public entity to determine the class of accommodation that an employee is allowed to book.

¹¹ A complete and accurate trail of such cases must be kept by the accounting authority for audit purposes.

¹² A complete and accurate trail of such cases must be kept by the accounting authority for audit purposes.

Table 1: Preferred star grading per employee level for local and international accommodation

Employee Level/Designation	Domestic Accommodation Star Grading or similar (including other lodging)	International Accommodation Star Grading or similar
Accounting officer of a department or constitutional institution; accounting authority of a public entity, chief executive officer of a public entity or the other person in charge of the public entity	5 Star	5 star
Deputy Directors-General in a department, Executives at the level of management reporting to the CEO or other person in charge of a public entity or the chief executive officer of a constitutional institution	4/5 Star	4 star
Chief Directors, Directors and persons serving in senior management of constitutional institutions or public entities	3/4 Star	4 star
Deputy Directors, Assistant Director sand persons serving in middle management of constitutional institutions and public entities	3/4 Star	4 star
Junior management and other employees	1, 2 or 3 Star	4 star

- 5.20. If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the employee may be accommodated in the establishment with the higher star grading¹³. This means that an employee may be accommodated at a four star establishment if the rate at the four star establishment is the same as or lower than a three star establishment.
- 5.21. Where there is an alternative star grading indicated in **Table 1** (i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:

¹³ A complete and accurate trail of such cases must be kept by the accounting officer/ accounting authority for audit purposes.

- (a) the higher star graded facility is the only available option due to location and availability¹⁴; or
 - (b) the department, constitutional institution or public entity has negotiated lower rates with the higher star graded facility¹⁵.
- 5.22. Accounting officers and accounting authorities may only approve accommodation costs that exceed the amount prescribed in **Annexure C** of this Treasury Instruction –
- (a) during peak holiday periods; and
 - (b) when South Africa is hosting an event in the country or in a particular geographical area that results in an abnormal increase in the number of local and/or international guests in the country or in that particular geographical area.
- 5.23. Accounting officers and accounting authorities must ensure that overnight accommodation for employees is limited to instances where the distance travelled by road (by the employee) exceeds 500 kilometers to and from the destination (return journey), unless approved otherwise by the accounting officer or accounting authority.
- 5.24. The provisions contained in paragraphs 5.22 and 5.23 of this Treasury Instruction are also applicable to accounting authorities of public entities and to non-executive members serving on any of the public entity's governance committees.
- 5.25. Subsistence for meals may not be claimed if the rate of the accommodation facility already includes dinner and/or breakfast or if the conference fee includes lunch and/or dinner.
- 5.26. Special dietary requirements must be considered when the most relevant accommodation option is booked. If the establishment does not have dinner facilities or does not cater for special dietary requirements then a room excluding the meals must be booked (bed-and-breakfast or room only) and the employee may claim subsistence for his or her meals.
- 5.27. Accounting officers and accounting authorities may, in institutional instructions, reduce the subsistence allowances of employees.

Vehicle hire (car rental)

- 5.28. Accounting officers and accounting authorities are responsible for the cost-effective management of travel reimbursement and vehicle hire (car rental) expenses and for the adoption of policies and procedures to this effect.
- 5.29. **Table 2** indicates the Car Rental Vehicle Category that is permissible per employee level/designation. Accounting officers and accounting authorities must align the information contained in **Table 2** with the institutional policies of their respective institutions to reflect equal and appropriate positions/designations to determine the Car Rental Vehicle Category that employees may rent.
- 5.30. The travel policy and procedures of departments, constitutional institutions and public entities must require employees and persons appointed on grounds of policy considerations in terms of section 12A of the Public Service Act, 1994, to make use of

¹⁴ A complete and accurate trail of such cases must be kept by the accounting officer/ accounting authority for audit purposes

¹⁵ A complete and accurate trail of such cases must be kept by the accounting officer/ accounting authority for audit purposes

cost-effective travel arrangements, including shuttle or taxi services, the use of own or departmental transport and, where applicable, public transport.

Table 2: Car Rental Vehicle Category

Employee Level/Designation	Vehicle Category	Shuttle & Transfer Services
Accounting officers of departments and constitutional institutions; accounting authorities of public entities, chief executive officers of public entities or the other person in charge of a public entity	Intermediate 4-5 Door Manual or Automatic Vehicle with air-conditioning (IDAR/ RDAR/ FDMR/ FDAR/ FCAR/ ICAR/ ICMR) ¹⁶	Luxury Sedan
Deputy Directors-General and all other employees of a department	Economy 4-5 door, Manual vehicle with air-conditioning (EDMR)	Economy Sedan
Employees reporting directly to the accounting officer of a constitutional institution and all other employees		
Employees reporting directly to the CEO of the public entity and all other employees		

5.31. Notwithstanding the provision of Table 2, accounting officers or accounting authorities may provide prior written approval for the hiring of a Standard or Compact vehicle (CDMR/CDAR/SDAR/SCMR/SDMR) in instances where –

- (a) three or more employees are travelling together;
- (b) the return journey to be travelled exceeds 400 kilometers to and from the destination (return journey); or

¹⁶ ACRIS or SIPP codes are used by car rental companies to define car models. Each character represents a definable feature of the vehicle: 1st character denotes the category based on size, cost, power and luxury factor; 2nd character defines the vehicle type for example if it is a SUV or sedan; 3rd character describes the transmission and the 4th character defines the fuel type and whether air-conditioned.

- (c) the special needs¹⁷ of an employee are to be catered for.
- 5.32. A different class of vehicle (Intermediate or Standard Sports Utility Vehicle (IFMR/IFAR/SFMR/SFAR) may be rented if required for a particular terrain. Mountainous and gravel roads are considered difficult terrain and vehicles with higher ground clearance may be required.
- 5.33. The provisions contained in paragraphs 5.30, 5.31 and 5.32 of this National Treasury Instruction are also applicable to members of the accounting authority and to non-executive members serving on any of the public entity's governance committees.

Engagement of Travel Management Companies

- 5.34. Accounting officers and accounting authorities must ensure that the following are contained in the contracts with their appointed Travel Management Company (TMC):
- (a) Travel Management Companies are not allowed to receive rebates, overrides and any volume driven target incentives¹⁸ earned for government business. These payments and the practice of overrides must be discontinued for government business when this Treasury Instruction takes effect.
 - (b) Travel Management Companies or persons effecting bookings on behalf of departments, constitutional institutions and public entities are required to compare various accommodation facility rates before confirming a booking as the principles of competitiveness and cost effectiveness must always be maintained.

6. MONTHLY REPORTING

To facilitate effective monitoring and evaluation of cost containment measures, accounting officers and accounting authorities must, in a format as prescribed in paragraph 7.2 of Treasury Instruction No. 02 of 2016/17 dated 30 September 2016 on Cost Containment Measures, include a report on implementation of cost containment measures indicated in paragraph 5 of this Treasury Instruction in their monthly financial reports to the relevant treasury. The monthly cost containment report must be submitted on the link below:

<http://pfmportal.treasury.gov.za/sites/costcontainment>

7. APPLICABILITY

This Treasury Instruction applies to all departments, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

8. EFFECTIVE DATE

This Treasury Instruction takes effect from 1 November 2016.

¹⁷ Special needs means a means a distinctly different need of an official that requires the accounting officer or accounting authority to make a judgment call to provide for such a need.

¹⁸ Rebates, overrides and target driven incentives are rewards from the supplier to the TMC for volume business, in most instances these rewards are linked to an increased target.

9. REPEAL OF NATIONAL TREASURY INSTRUCTION NO. 1 OF 2013/2014

Treasury Instruction No. 1 of 2013/2014 on Cost Containment Measures contained, amongst others, provisions related travel and accommodation. This Treasury Instruction has been repealed through Treasury Instruction No. 2 of 2016/2017 on Cost Containment Measures dated 30 September 2016.

10. DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION

10.1. Accounting officers of national departments are requested to bring the contents of this Treasury Instruction to the attention of all –

- (a) accounting officers of constitutional institutions that are funded through their respective departmental votes; and
- (b) accounting authorities of public entities reporting to their executive authorities.

10.2. Head officials of provincial treasuries are requested to bring the contents of this Treasury Instruction to the attention of all accounting officers of departments and accounting authorities of public entities in their respective provinces.

11. AUTHORITY FOR THIS INSTRUCTION

This National Treasury Instruction is issued in terms of section 76(4)(b) of the PFMA.

12. CONTACT INFORMATION

12.1 Accounting officers and accounting authorities of departments, constitutional institutions and public entities may submit formal enquires in terms of this National Treasury Instruction to:

**The Director-General
National Treasury
Private Bag X115
PRETORIA
0001**

For attention: The Chief Procurement Officer

12.2 Queries related to this Treasury Instruction may be submitted to:

- (a) travelpolicyqueries@treasury.gov.za; or
- (b) Log a query on the PFM queries portal on <http://pfmportal.treasury.gov.za/>

12.3 Enquiries related to this Instruction may be directed to:

Potso Makgatho
Deputy Director: Strategic Procurement
potso.makgatho@treasury.gov.za
012 315 5351

Graham Louw
Director: Strategic Procurement
graham.louw@treasury.gov.za
012 315 5073



JAYCE M NAIR
ACTING ACCOUNTANT-GENERAL
DATE: 30 SEPTEMBER 2016

ATTACHMENTS

ANNEXURE A: DOMESTIC AIR TRAVEL UPFRONT DISCOUNTS
ANNEXURE B: BA/COMAIR DEAL CODES PER DEPARTMENT
ANNEXURE C: MAXIMUM ALLOWABLE RATES FOR DOMESTIC
ACOMMODATION AND MEALS

ANNEXURE A: DOMESTIC AIR TRAVEL UPFRONT FARE DISCOUNTS



Applicable Fare discounts	
Booking classes	Economy Class
Percentage discount applicable to the published fares for domestic routes	Business Class
C	J Z D Y B M K H S Q T V L G W
26	24 24 10 30 na 27 27 27 12 8 7 7 5 0 0



Applicable Fare discounts	
Booking classes	Economy Class
Percentage discount applicable to the published fares for domestic routes	Business Class
J	Y B & H M & K V,S,N, Q and O
20%	25% 16% 12% 10% 10%
	7 Days Advance Purchase 14 days Advance Purchase

ANNEXURE B:

BA/COMAIR DEAL CODES PER DEPARTMENT

The table below lists the deal codes for departments, constitutional institutions and public entities listed in Schedules 2 and 3 of the PFMA, with British Airways/ Comair which must be quoted when booking domestic flights for officials.

Should any department, constitutional institution or public entity not be listed below, it is requested that the accounting officer/authority contact BA/Comair to obtain a deal code for the department, constitutional institution or public entity.

Contact Details

Nangamso Letlape

National Account Manager: Government

Nan.letlape@comair.co.za

GOVERNMENT	
NAME	DEAL CODE
NATIONAL DEPARTMENTS	
Department of National Treasury	1008791
Department of Basic Education	1008792
Department of Tourism	1008793
Department of Co-operative Governance	1008794
Department of Correctional Services	1008795
Department of Public Works	1008796
Department of Environmental Affairs	1009167
Department Agriculture, Fisheries and Forestry	1012314
Department of Telecommunication and Postal Services	1012317
Department of Transport	1012318
Department of Justice Constitutional Development	1012319
Department of Health	1012710
Department of Human Settlements	1012711
Department of the Provincial Government KZN	1016167
Department of Art and Culture	1016964
Department of Military Veterans	1018665
Department of Defence	1018666
Department of Energy	1018667
Department of Home Affairs	1018668
Department: Independent Police Investigative Directorate (IPID)	1018669
Department of International Relations and Cooperation	1018670
Department of Mineral Resources	1018671
Department of Labour	1018672
Department of Police	1018674
Palama / National School of Government	1018675
Department of Public Enterprises	1018676
Department of Public Service and Administration	1018677

National Treasury Instruction No. 03 of 2016/2017
Cost Containment Measures related to Travel and Subsistence

GOVERNMENT	
NAME	DEAL CODE
Department of Public Service Commission	1018678
Department of Rural Development and Land Affairs	1018679
Department of Science and Technology	1018680
Department of Social Development	1018681
Department of Sports and Recreation	1018682
Department of Statistics	1018683
The Presidency	1018684
Department of Trade and Industry	1018686
Department of Water and Sanitation	1018687
Department of Women, Children and People with Disabilities	1018688
Department of Higher Education and Training	1020079
Planning and Evaluation	1020077
Government Communication and Information System	1020078
PROVINCIAL DEPARTMENTS	DEAL CODE
EASTERN CAPE PROVINCE	
EC Office of the Premier	1020063
EC Department of Economic Development, Environmental Affairs and Tourism	1020064
EC Department of Education	1020065
EC Department of Human Settlements	1020066
EC Department of Local Government and Traditional Affairs	1020067
EC Department of Provincial Planning and Treasury	1020068
EC Department of Roads and Public Works	1020069
EC Department of Rural Development and Agrarian Reform	1020070
EC Department of Safety and Liaison	1020071
EC Department of Social Development	1020072
EC Department of Sports Recreation, Arts and Culture	1020073
EC Department of Transport	1020074
FREE STATE PROVINCE	
Free State Office of the Premier	1020953
Free State Department of Agriculture and Rural Development	1020366
Free State Department of Economic Small Business Development Tourism and Environmental Affairs	1020367
Free State Department of Cooperative Governance and Traditional Affairs	1020368
Free State Department of Police Roads and Transport	1020369
Free State Department of Health	1020370
Free State Department of Public Works	1020371
Free State Department of Social Development	1020372
Free State Department of Education	1020373
Free State Department of Sports Arts Culture and Recreation	1020374
Free State Provincial Treasury	1020375
GAUTENG PROVINCE	

National Treasury Instruction No. 03 of 2016/2017
Cost Containment Measures related to Travel and Subsistence

GOVERNMENT	
NAME	DEAL CODE
Gauteng Department of Education	1020247
Gauteng Department of Roads and Transport	1020248
Gauteng Department of Infrastructure Development	1020249
Gauteng Department of Housing and Local Government	1020250
Gauteng Department of Health	1020251
Gauteng Department of Social Development	1020252
Gauteng Department of Sports Arts Culture and Recreation	1020253
Gauteng Department of Agriculture and Rural Development	1020254
Gauteng Department of Economic Development	1020255
Gauteng Department of Community Safety	1020256
Gauteng Department of Finance	1020257
MPUMALANGA PROVINCE	
Mpumalanga Office of the Premier	1020317
Mpumalanga Department of Agriculture Rural Development and Land Administration	1020318
Mpumalanga Department of Economic Development Environment and Tourism	1020319
Mpumalanga Department of Cooperative Governance and Traditional Affairs	1020320
Mpumalanga Department of Community Safety Security and Liaison	1020321
Mpumalanga Department of Health	1020322
Mpumalanga Department of Culture Sports and Recreation	1020323
Mpumalanga Department of Human Settlement	1020324
Mpumalanga Department of Social Development	1020325
Mpumalanga Department of Education	1020326
Mpumalanga Department of Public Works Roads and Transport	1020327
Mpumalanga Department of Finance	1020328
KWA-ZULU NATAL	
KZN Economic Development, Tourism and Environmental Affairs	1020129
KZN Department of Health	1020130
KZN Department of Agriculture and Rural Development	1020131
KZN Development of Cooperative Governance	1020132
KZN Department of Arts, Culture, Sports and Recreation	1020133
KZN Department of human settlements and public works	1020134
KZN Department of Transport, Community Safety and Liaison	1020125
KZN Office of the Premier	1020128
KZN Department of Social Development	1020141
NORTH WEST PROVINCE	
North West Premier	1020351
North West Department of Education and Sports Development	1020352
North West Department of Local Government and Human Settlements	1020353
North West Department of Public Works and Roads	1020354

National Treasury Instruction No. 03 of 2016/2017
Cost Containment Measures related to Travel and Subsistence

GOVERNMENT	
NAME	DEAL CODE
North West Department of Health	1020355
North West Department of Social Development	1020359
North West Department of Culture Arts and Traditional Affairs	1020360
North West Department of Rural Environmental and Agriculture Development	1020361
North West Department of Tourism	1020362
North West Department of Community Safety and Transport Management	1020363
North West Department of Finance Economy and Enterprise Development	1020364
NORTHERN CAPE PROVINCE	
Northern Cape Premier	1020332
Northern Cape Department of Education	1020333
Northern Cape Department of Public Works and Roads	1020334
Northern Cape Department of Transport Safety and Liaison	1020335
Northern Cape Department of Cooperative Governance Human Settlement and Traditional Affairs	1020336
Northern Cape Department of Health	1020337
Northern Cape Department of Social Development	1020338
Northern Cape Department of Sports Arts and Culture	1020339
Northern Cape Department of Agriculture Land Reform and Rural Development	1020340
Northern Cape Department of Economic Development and Tourism	1020341
Northern cape department of community safety	1020342
Northern cape treasury department	1020343
Northern Cape Department of Environment and Nature Conservation	1020344
LIMPOPO PROVINCE	
Limpopo Office of the Premier	1020294
Limpopo Department of Agriculture	1020295
Limpopo Department of Economic Development Environment and Tourism	1020296
Limpopo Department of Cooperative Governance Human Settlement and Traditional Affairs	1020297
Limpopo Department of Public Works Roads and Infrastructure Development	1020298
Limpopo Department of Health	1020299
Limpopo Department of Transport	1020300
Limpopo Department of Safety Security and Liaison	1020301
Limpopo Department of Social Development	1020302
Limpopo Department of Education	1020303
Limpopo Department of Sports Arts and Culture	1020304
Limpopo Provincial Treasury	1020305
WESTERN CAPE PROVINCE	
WC Department of Local Government	1018693

National Treasury Instruction No. 03 of 2016/2017
Cost Containment Measures related to Travel and Subsistence

GOVERNMENT	
NAME	DEAL CODE
Department of Provincial Treasury	1017298
WC Department of Agricultural Forestry and Fisheries	1018695
WC Department of Transport	1018728
WC Department of Human Settlements	1018729
WC Department of Health	1018730
Western Cape Education	1009080
WC Department of Tourism	1020952

SCHEDULE 3A AND 3C	
NAME	DEAL CODE
Accounting Standards Board (ASB)	1008791
Africa Institute of South Africa (AISA)	1018680
African Renaissance and International Cooperation Fund (ARICF)	1018670
Agricultural Research Council (ARC)	1012314
Agricultural Sector Education and Training Authority (AgriSETA)	102009
Artscape	1016964
Banking Sector Education and Training Authority (BankSETA)	1020079
Boxing South Africa (BOSA)	1018682
Brand SA	1018684
Breede River Catchment Management Agency	1009167
Castle Control Board (CCB)	1016964
Chemical Industries Education and Training Authority (CHIETA)	1020079
Commission for Conciliation Mediation & Arbitration (CCMA)	1012316
Community Schemes Ombud Service	1012711
Companies and Intellectual Property Commission (CIPC)	1018686
Companies Tribunal	1018686
Compensation Fund, including Reserve Fund	1018672
Competition Commission (part of the DTI)	1018686
Competition Tribunal (part of the DTI)	1018686
Construction Education and Training Authority (CETA)	1020079
Construction Industry Development Board (CIDB)	1008796
Council for Geoscience	1018671
Council for Medical Schemes (CMS)	1012710
Council for the Built Environment (CBE)	1008796
Council on Higher Education (CHE)	1020079
Cross-Border Road Transport Agency (CBRTA)	1012318
Culture, Arts, Tourism, Hospitality and Sports Education and Training Authority CATHSETA)	1020079
Die Afrikaanse Taal Museum	1016964
Ditsong: Museums of South Africa	1016964
EDI Holdings (Pty) Ltd	1018667
Education Labour Relations Council (ELRC)	1008792

National Treasury Instruction No. 03 of 2016/2017
Cost Containment Measures related to Travel and Subsistence

SCHEDULE 3A AND 3C	
NAME	DEAL CODE
Education, Training and Development Practices SETA (ETDPSETA)	1020079
Energy and Water Sector Education and Training Authority (EWSETA)	1020079
Estate Agency Affairs Board (EAAB)	1012711
Fibre Processing Manufacturing Sector Education and Training Authority (FPMSETA)	1020079
Film and Publication Board (FPB)	1018668
Financial and Accounting Services SETA	1020079
Financial Intelligence Centre (FIC)	1008791
Financial Services Board (FSB)	1008791
Food and Beverages Manufacturing Industry (FBMI)	1020079
Freedom Park Trust (FPT)	1016964
Health and Welfare Sector Education and Training Authority (HWSETA)	1020079
Housing Development Agency (HAD)	1012711
Human Sciences Research Council (HSRC)	1008968
Independent Regulatory Board for Auditors (IRBA)	1008791
Ingonyama Trust Board	1018679
Inkomati Catchment Management Agency	1009167
Insurance Sector Education and Training Authority (ISETA)	1020079
International Trade Administration Commission (part of the DTI)	1018686
iSimangaliso Wetland Park	1009167
Iziko Museums of South Africa	1020628
KwaZulu-Natal Museum	1016964
Legal Aid South Africa	1012320
Local Government Education and Training Authority (LGETA)	1020079
Luthuli Museum	1016964
Manufacturing, Engineering and Related Services Education and Training Authority (MERSETA)	1020079
Marine Living Resources Fund (MLRF)	1012314
Market Theatre Foundation (MTF)	1016964
Media Development Diversity Agency (MDDA)	1020078
Media, Information and Communication Technologies Sector Education and Training Authority (MICTSETA)	1020079
Medical Research Council of South Africa (MRC)	1012710
Mine Health and Safety Council (MHSC)	1018671
Mining Qualifications Authority (MQA)	1018671
Municipal Infrastructure Investment Unit (MIIU)	1008794
National Agricultural Marketing Council (NAMC)	1012314
National Arts Council of South Africa (NACSA)	1016964
National Consumer Commission (NCC)	1018686
National Consumer Tribunal (NCT)	1018686
National Credit Regulator (NCR)	1018686
National Development Agency (NDA)	1018681

National Treasury Instruction No. 03 of 2016/2017
Cost Containment Measures related to Travel and Subsistence


SCHEDULE 3A AND 3C	
NAME	DEAL CODE
National Economic Development and Labour Council (NEDLC)	1018672
National Electronic Media Institute of South Africa (NEMISA)	1012317
National Empowerment Fund (NEF)	1009007
National Energy Regulator of South Africa (NERSA)	1018692
National Film and Video Foundation of South Africa (NFVFSA)	1016964
National Gambling Board of South Africa (NGBSA)	1018686
National Health Laboratory Service (NHLS)	1020629
National Heritage Council of South Africa (NHCSA)	1016964
National Home Builders Registration Council (NHBRC)	1012711
National Housing Finance Corporation Limited (NHFCL)	1012711
National Library of South Africa (NLSA)	1016964
National Lotteries Board (NLB)	1018686
National Metrology Institute of South Africa (NMISA)	1018686
National Museum, Bloemfontein	1016964
National Nuclear Regulator (NNR)	1018667
National Regulator for Compulsory Specifications (NRCS)	1018686
National Research Foundation	1018680
National Student Financial Aid Scheme (NSFAS)	1020079
National Urban Reconstruction and Housing Agency (NURHA)	1012711
National Youth Development Agency (NYDA)	1020077
Nelson Mandela National Museum (NMMN)	1016964
Office of Health Standards Compliance (OHSC)	1012710
Office of the Ombud for Financial Service Providers (OOFSP)	1008791
Office of the Pension Funds Adjudicator (OPFA)	1008791
Performing Arts Council of the Free State (PACFS)	1016964
Perishable Products Export Control Board (PPECB)	1012314
Ports Regulator of South Africa (PRSA)	1012318
Private Security Industry Regulatory Authority (PSIRA)	1018674
Productivity SA	1018672
Public Service Sector Education and Training Authority (PSSETA)	1020079
Quality Council for Trades and Occupations (QCTO)	1020079
Railway Safety Regulator (RSR)	1012318
Road Accident Fund (RAF)	1012318
Road Traffic Infringement Agency (RTIA)	1012318
Road Traffic Management Corporation (RTMC)	1012318
Robben Island Museum (RIM)	1016964
Rural Housing Loan Fund (RHLF)	1012711
Safety and Security Education and Training Authority	1020079
Servcon Housing Solutions (Pty) Ltd	1012711
Services Sector Education and Training Authority	1020079
Small Enterprise Development Agency (SEDA)	1018686
Social Housing Foundation (SHF)	1012711
South African Civil Aviation Authority (CAA)	1012318

National Treasury Instruction No. 03 of 2016/2017
Cost Containment Measures related to Travel and Subsistence

SCHEDULE 3A AND 3C	
NAME	DEAL CODE
South African Council for Educators (SACE)	1008792
South African Diamond and Precious Metals Regulator (SADPMR)	1018671
South African Heritage Resources Agency (SAHRA)	1016724
South African Library for the Blind (SALB)	1016964
South African Local Government Association (SALGA)	1008794
South African Maritime Safety Authority (SAMSA)	1009167
South African National Accreditation System (SANAS)	1018686
South African National Biodiversity Institute (SANBI)	1009167
South African National Energy Development Institute (SANEDI)	1018667
South African National Parks (SANPARKS)	1009167
South African National Space Agency (SANSA)	1018680
South African Qualifications Authority (SAQA)	1020079
South African Revenue Service (SARS)	1009020
South African Social Security Agency (SASSA)	1018681
South African Tourism (SATOUR)	1008793
South African Weather Service (SAWS)	1009167
Special Investigation Unit (SIU)	1012319
State Information Technology Agency (SITA)	1009024
Technology Innovation Agency (TIA)	1018680
The Co-operatives Banks Development Agency	1008791
The National English Literary Museum	1016964
The National Radioactive Waste Disposal Institute (NRWDI)	1018667
The National Skills Fund (NSF)	1008791
The Playhouse Company	1016964
The Social Housing Regulatory Authority (SHRA)	1012711
The South African Institute for Drug-free Sport	1018682
The South African National Roads Agency Limited (SANRAL)	1018673
The South African State Theatre (SAST)	1016964
Thubelisha Homes	1012711
Transport Education and Training Authority (TETA)	1020079
uMalusi Council for Quality Assurance in General and Further Education and Training (Umalusi)	1008792
uMsunduzi Museum	1016964
Unemployment Insurance Fund (UIF)	1018689
Universal Service and Access Agency of South Africa (USAASA)	1012317
Universal Service and Access Fund (USAF)	1012317
Urban Transport Fund (UTF)	1012318
War Museum of the Boer Republics	1016964
Water Research Commission (WRC)	1009167
Wholesale and Retail Sector Education and Training Authority (WRSETA)	1020079
William Humphreys Art Gallery	1016964
Windybrow Theatre	1016964

ANNEXURE C: MAXIMUM ALLOWABLE RATES FOR DOMESTIC ACCOMMODATION AND MEALS

Table 1: Maximum Allowable Rates for Domestic Accommodation and Meals

Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drinks at Dinner
Graded Hotel, Boutique Hotel, Lodge or Resort			
	BAND 1	BAND 2	BAND 3
1 Star	R 580	R 710	R 855
2 Star	R 900	R 1 030	R 1 230
3 Star	R 1 100	R 1 200	R 1 400
4 Star	R 1 250	R 1 350	R 1 550
5 Star	R 2 100	R 2 200	R 2 500
Bed & Breakfast, Country House or Guest house			
	BAND 1	BAND 2	BAND 3
1 Star	R 300	R 450	R 630
2 Star	R 500	R 650	R 830
3 Star	R 900	R 1 050	R 1 230
4 Star	R 1 000	R 1 150	R 1 330
5 Star	R 1 200	R 1 350	R 1 530
Self-Catering*			
	BAND 1	BAND 2	BAND 3
1 Star	R 580		
2 Star	R 900		
3 Star	R 1 100		
4 Star	R 1 250		
5 Star	R 1 450		
Meals**			
	BAND 1	BAND 2	BAND 3
Breakfast	R 120	R -	R -
Lunch	R 150	R 150	R 150
Dinner	R 150	R 150	R -
Total	R 420	R 300	R 150
<p><i>Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.</i></p> <p><i>*Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge. Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.</i></p> <p><i>**Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.</i></p>			