COST CONTAINMENT
CROSS WALK TO COST CONTAINMENT MEASURES

December 2013

2013/2014

- National Treasury Instruction 01 of 2013/2014 was issued (Cost containment measures)

January 2014

- National Treasury Instruction 01 of 2013/2014 came into effect (Cost containment measures)

2014/2015

NT instruction 01 of 2013/2014 applicable

2015/2016

April 2016

- National Treasury Instruction 01 of 2016/2017 was issued (National Travel Policy Framework)

July 2016

- National Treasury Instruction 01 of 2016/2017 came into effect (National Travel Policy Framework)

September 2016

- National Treasury Instruction 1A of 2016/2017 was issued to repeal National Treasury Instruction 01 of 2016/2017 Framework

October 2016

- National Treasury Instruction 02 of 2016/2017 was issued (Cost containment measures)
- National Treasury Instruction 03 of 2016/2017 was issued (Cost containment measures related to Travel and Subsistence)

November 2016

Guidelines on cost containment measures to be revised, and travel policy framework to be revised and take effect from April 2017

- Institutions that have adopted NTPF should continue using their adopted institutional policy.
- Institutions that have not yet adopted NTPF should continue using their institutional travel policy.
- Institutions should update their policies to be in line with NT instruction 02 of 2016/2017 and NT instruction 03 of 2016/2017
COST CONTAINMENT MEASURES

• Annual cost containment plan
  – Format approved by AA.
  – Plan must include measures to reduce expenditure related to the regulated items.

• Engagement of consultants
  – Consultants to be remunerated at a rate not exceeding those determined by DPSA, AGSA, SAICA and professional bodies.
  – Prescribed rates not applicable to international consultants.
  – Expenditure for travel and subsistence for consultants to be in line with cost containment measures.
  – Consultancy contracts must include penalty clauses for defaulters and such clauses must be invoked.
COST CONTAINMENT MEASURES CONTINUED

• Catering expenses
  – Institutions **may not** incur catering expenses for internal meetings unless approved by AA.
  – Allowed to cater for meetings that last for 5 continuous hours or more.
  – This provision will **not apply** to the hosting of:
    • Conferences, workshops, indabas, forums, recruitment interviews, training sessions or hearings;
    • Meetings related to commissions or committees of inquiry; or
    • Meetings arranged by accounting authority of public entities, including governance committee meetings.

• **Entertainment allowance**
  – R2 000 for qualifying persons unless approved otherwise by AA.
  – R4 000 for Board, CEO and other person in charge of the entity.
COST CONTAINMENT MEASURES CONTINUED

- **Alcohol expenses**
  - Alcohol beverages *may not* be included in the accommodation or subsistence costs of employees and *may not* be claimed as part of reimbursable expenses, including entertainment expenses by employees.
  - AA may only incur expenses on alcohol beverages at:
    - state banquets;
    - functions hosted for the promotion of SA and its goods and services; or
    - the hosting of foreign dignitaries
- **Expenses on newspapers and other related publication**
  - Newspapers and other related publications for the use of employees must be discontinued on expiry of existing contracts.
COST CONTAINMENT MEASURES CONTINUED

- **Expenses on advertising**
  - Adverts for vacancies - be placed through bulk advertisements.

- **Hiring of venues**
  - Meetings, workshops, forums, conferences and similar events - be held in-house or at alternative facilities at other government institutions unless such venues are not available.

- **Social functions and corporate branded items**
  - Farewell function hosted for employees who:
    - retire after serving department, constitutional institution or public entity for 10 years or more; and
    - retire due to ill health.

- **Social functions, team building exercises, year end functions and other social related functions are not to be financed from the budgets of institutions.**

- Corporate branded items availed to employees - be recovered at full cost.
**COST CONTAINMENT MEASURES CONTINUED**

- **Cellular phones and data facilities**
  - Allocation of cellular phones and data facilities be based on the nature of the employee`s work as opposed to the positions held.
  - AA must participate in the transversal term contracts (RT15) arranged by the National Treasury for acquiring mobile communication services.

- **Hosting of conferences within the boarders of SA**
  - **DEVIATION** – AA must seek prior written approval of the National Treasury if the expenses related to the hosting of the conference exceeds the prescribed amounts. Conference expenditure must not exceed the rates below:

<table>
<thead>
<tr>
<th>3 Star</th>
<th>4 Star</th>
<th>5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 350.00</td>
<td>R 480.00</td>
<td>R 565.00</td>
</tr>
</tbody>
</table>

Inclusive of conference package, food and beverages excluding costs of other services and items that conference organizers will require.
COST CONTAINMENT MEASURES CONTINUED

• **Attendance at external conferences within the boarders of SA**
  – AA to consider the following when approving attendance of a conference with SA:
    ➢ Consistency with institution or division/business unit objectives;
    ➢ Appropriate level of official;
    ➢ Contribute to developmental needs of employee; and
    ➢ Availability of funds
  – The AA should also consider the number of conferences attended by employees in a year.
  – Conference expenses not exceeding **R2500 (only for conference registration and other incidental costs)** per person per day. Excludes costs for travelling and accommodation.
• **Attendance at external conferences (outside SA)**
  – AA to consider the following when approving attendance of conferences or study tours outside the borders of SA:
    ➢ employee’s roles and responsibilities and anticipated benefit of the conference;
    ➢ where study tour or conference addresses relevant concerns of the institution;
    ➢ the number of employees attending should be limited to one (1), unless approved by AA; and
    ➢ Availability of funds
  – Conference expenses not exceeding **R60 000 (only for conference registration and other incidental costs)** per person per conference. Excludes costs for travelling and accommodation.
  – All approvals granted by AA for expenses that exceed R2 500 and R60 000 per person per conference must be disclosed in the annual report of the institution.
AA will be required to report on a monthly basis on the implementation of the cost containment measures to the National Treasury via the pfmportal;

All conferences hosted by institutions must be disclosed in detail in the annual reports of institutions; and

AA to report on the approvals granted for employees to attend conferences or study tours in excess of the prescribed amount.
THANK YOU!
CONTACT DETAILS

Frank Mahlangu
Tel: 012 315 5428
email address: frank.mahlangu@treasury.gov.za