NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1715 [N1933E]
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Mr M G P Lekota (Cope) to ask the Minister of Finance:

With reference to the former Minister of Finance's reply to question 90 on 18 March 2014, and in light of excessive expenditure by public representatives of taxpayers money (details furnished), what action does the Government intend taking with regard to such excessive expenditure on (a) cars, (b) travel, (c) catering, (d) entertainment and (e) upgrades to offices and houses in all spheres of government?

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REPLY:

The annual Appropriation Act allocates financial resources to national departments. In terms of section 36(2)(a) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999), the head of department (Director-General) is the accounting officer and, in terms of 38(1)(b) of the Act, he or she is required to ensure the effective, efficient, economical and transparent use of his or her department's resources. Sections 6(2)(b) and 6(2)(c) of the PFMA empowers the National Treasury to enforce this Act in national departments and also requires the National Treasury to monitor and assess implementation of the Act in departments, constitutional institutions and public entities.

Government acknowledges that the current economic situation in the country requires public sector institutions to spend prudently. To this end, the National Treasury issued a Treasury Instruction on Cost Containment Measures in December 2013 which was aimed at achieving greater efficiency in expenditure, reduced waste and improved spending in the areas of, amongst others, travel and subsistence, catering and entertainment. This Treasury Instruction took effect from 1 January 2014 and introduced the following restrictions:

(a) Cars

Employees of PFMA compliant institutions, when travelling on official engagements, may only hire vehicles which are classified as a Group B or an equivalent class. A higher group of vehicle may only be hired with the approval of the accounting officer of a department or constitutional institution or the accounting authority of a public entity. Such approval may be granted if the employee is travelling on a particular terrain that requires a certain type of vehicle or to cater for the special needs of employees.

(b) Travel

Accounting officers of departments and constitutional institutions and accounting authorities of public entities may only purchase economy class tickets for its employees where the flying time is for five (5) hours or less. The purchase of business class tickets for flights that are less than five (5) hours may be purchased for persons holding the ranks/positions of Directors-General or an equivalent rank (in departments), persons appointed on grounds of policy considerations in terms of section 12A of the Public Service Act, 1994 (i.e. advisors to executive authorities), accounting authorities of public entities and chief executive officers of constitutional institutions.

For flights exceeding five (5) hours, business class tickets may also be purchased for persons holding the ranks/positions of Director-General, Deputy Directors-General or equivalent ranks (in departments), advisors to executive authorities, accounting officers of constitutional institutions, accounting authorities of public entities and employees at the level of management that report directly to the accounting officer of a constitutional institution or accounting authority of a public entity. The Treasury Instruction does, however, make provision for the accounting officer or accounting authority to purchase business class tickets for employees with disabilities or for those with special needs.

Accounting officers and accounting authorities are prohibited from purchasing air tickets for first class travel.

(c) Catering

PFMA compliant institutions are only permitted to incur catering expenses for external meetings, i.e. where the meeting is attended by delegates from outside institution. The Treasury Instruction specifically prohibits catering expenses being incurred for internal meetings.

(d) Entertainment

PFMA compliant institutions are precluded from granting entertainment allowances for qualifying employees that exceed two thousand rand (R2000) per person, per financial year.

(e) Upgrades to offices and houses in all spheres of government

Although no specific clause exists regarding cost containment in the areas of upgrades to offices and houses, the Treasury Instruction on Cost Containment requires accounting officers and accounting authorities to ensure that appropriate expenditure control measures are instituted to provide reasonable assurance to ensure that all expenditure in their respective institutions are, amongst others, necessary and appropriate.