

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1662 [NW1874E]
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1662. Mr D J Maynier (DA) to ask the Minister of Finance:

Whether there were any requests for deviations from the mandatory cost containment measures announced by National Treasury in each of the past three financial years up to and including the first quarter of 2016-17; if not, what is the National Treasury's policy position with regard to requests for deviations in each specified financial year; if so, in each specified financial year, (a) what was the name of the department, constitutional entity and/or public entity listed in Schedules 2 and 3 of the Public Finance Management Act, Act 1 of 1999, as amended, that made a request for deviation, (b) when was each specified deviation (i) requested and (ii)(aa) approved and/or (bb) denied, (c) what was the nature of each of the specified deviations requested, (d) what was the motivation for requesting each deviation and (e) why was the specified deviation requests approved and/or denied in each case?

NW1874E

REPLY:

In terms of section 79 of the Public Finance Management Act (PFMA), (Act No. 1 of 1999), the National Treasury may on good grounds approve a departure from a treasury regulation or instruction or any condition imposed in terms of the Act. Since implementation of National Treasury Instruction 01 of 2013/2014 on Cost Containment Measures, the National Treasury has received many requests for departures (deviations) from PFMA compliant institutions.

The National Treasury established a Departures Committee to evaluate all requests for deviations from treasury regulations or instructions. This Committee, which is chaired by the Accountant-General, assesses each application on a case by case basis. Departures from provisions contained in the Cost Containment Treasury Instruction are only granted under exceptional circumstances and this policy has not changed since this Treasury Instruction took effect from 1 January 2014.

Parliamentary Question PQ 3348 of 4 September 2015 has dealt extensively with prior year deviations requested in terms of the Treasury Instruction on Cost Containment Measures.

For the period 1 April 2015 to 31 July 2016, the following requests were received for departures from the Treasury Instruction on Cost Containment Measures together with the National Treasury's responses thereto:

INSTITUTION	REQUEST	APPROVED/NOT APPROVED	REASON	DATE REQUEST	DEPARTMENTS MOTIVATION
Civilian Secretariat for Police (CSP)	Renewal of newspapers and other publications for employees	<ul style="list-style-type: none"> Annexure A is not mandatory. However, the accounting officer is urged to consider additional cost containment measures either than those included in the Treasury Instruction in order to enhance fiscal prudence in their respective establishments <p>NOT APPROVED</p>	<ul style="list-style-type: none"> The accounting officer of the CSP should ensure that the policies and procedures of the department are updated to include some of the measures indicated in Annexure A of the Treasury Instruction that the department has adopted. This policy and procedure manual will also assist the institution, for example, to ensure that there are thresholds and levels at which an employee may receive a newspaper or other subscriptions. 	31 August 2015	<ul style="list-style-type: none"> Corporate service directorate in the department advertises the departmental vacancies on the newspapers regularly, and it needs the originals of the advert for the process of recruitment and other important information for the departmental progress.
Department of Defence (DOD)	Defence Force Service Commissioners to travel business class for official purposes	<ul style="list-style-type: none"> Request deemed not necessary. No deviation required for these Commissioners. 	<ul style="list-style-type: none"> Paragraph 4.7 and 4.8 of the National Treasury Instruction 01 of 2013/2013 does allow persons employed in terms of section 12A of the Public Service Act to travel business class for local and international flights. Although this commission is appointed in terms of the Defence Act, the members 	September 2015	<ul style="list-style-type: none"> The Commission in an Organ of the State that advises the Minister of Defence and Military Veterans who is an executive authority on issues relating to conditions of service, pay and service benefits and policy review for members of the

			employed as the commission are advisors to the Executive Authority.		SANDF.
Department of Military Veterans	<ul style="list-style-type: none"> • Business Class travel • Vehicle Hire 	<ul style="list-style-type: none"> • Request deemed not necessary. <p>NOT APPROVED</p>	<ul style="list-style-type: none"> • Paragraph 4.7 and 4.8 of the National Treasury Instruction 01 of 2013/2013 does allow persons employed in terms of section 12A of the Public Service Act to travel business class for local and international flights • Paragraph 4.17 of the Treasury Instruction indicates that, amongst others, persons appointed in terms of section 12A of Public Service Act may not hire vehicles from a category higher than Group B or an equivalent class. Furthermore, paragraph 4.18 provides that where a different class of vehicle is required to cater for a particular terrain or special needs of an employee, such vehicles may only be hired with the prior written approval of the 	16 February 2016	<ul style="list-style-type: none"> • An appeal Board and Advisory Council on Military Veterans are hereby established to attend to the interests of military veterans. The Advisory Council is responsible to the Minister.

			accounting authority.		
Department of Justice and Constitutional Development	Complaints by the Lower court judiciaries	NOT APPROVED	<ul style="list-style-type: none"> The cost containment measures, issued as instructions under section 76 of the PFMA, directly apply to monies used for travel from the vote of the department and therefore also apply to the Judiciary as a whole (which includes Magistrates and Judges). This fact will also be clarified in the new Cost Containment instruction which will be published by the NT in due course. 	18 December 2014	<ul style="list-style-type: none"> The department required guidance in with regards to the implementation of the cost containment measures and who does it apply to.
Legal Aid SA (LASA)	Use debit cards for petty cash purposes	<ul style="list-style-type: none"> Based on the information provided, National Treasury approves the deviation from the said Government Gazette No. 37042 to allow LASA to operate 70 debit cards in total for petty cash purposes for <u>Justice Centres</u> (64 cards) and <u>Regional Offices</u> (6 cards). 	<ul style="list-style-type: none"> Legal Aid South Africa (LASA) has detailed reasons to be exempted from the provisions of the Government Gazette No. 37042 of 15 November 2013, and allow LASA to maintain one e-wallet debit cards per Justice Centre and Regional Office under the control of LASA for petty cash. It was further mentioned that having only one debit card to be 	21 September 2016	<ul style="list-style-type: none"> Physical handling of cash in the offices as an alternative raises the risk of theft and robbery.

		APPROVED	used by 64 Justice Centres and 6 Regional offices proves difficult to operate efficiently and looking at the extent of the operations.		
Home Affairs	Air Travel for Minister's support staff	Minister's support staff must be treated the same as all other employees and therefore must fly economy class unless paragraph 4.9 of the National Treasury Instruction 01 of 2013/2014 applies NOT APPROVED	The fact that there may be time delays as a result of the Minister and his Personal Assistant disembarking from different airport terminals should be taken into account by the department when planning official trips.	9 September 2015	The Minister was inconvenienced and had to further wait for the disembarking of the personal assistant from another terminal to be able to proceed with the trip which resulted in the minister arriving late for scheduled appointments.
Limpopo – All provincial departments	For the Executive Member VIP protectors to be accommodated in the same hotel / guest house as the Executive Member	APPROVED	After careful consideration National Treasury has decided to grant a deviation from Paragraph 4.15 and 4.16 of Treasury Instruction 1 of 2013/14 for VIP Protectors to be accommodated in the same hotel / guest house as the Executive Member they are appointed to protect when on official business.	18 January 2016	The Executive Member VIP protectors mentioned in your letter are appointed and paid by the South African Police and seconded to the Office of the Premier and the Provincial MECs for the protecting and security of Executive Members. All expenses incurred by the VIP protectors are borne by the relevant department and subject to Treasury Instruction 1 of

					2013/14. Paragraph 4.15 of the said Treasury Instruction states that domestic hotel accommodation may not exceed R1300 per night per person. However it is the nature of VIP protectors work that they must accompany and be in close proximity to their assigned Executive Member in order to carry out their duties and hence cannot stay in a different accommodation location than the one used by the Executive Member.
Eastern Cape CoGTA	Condonation of irregular expenditure incurred: Hotel accommodation	NOT APPROVED	No compelling reasons to condone the irregular expenditure incurred	05 June 2015	The department became aware of the instruction note after it had already incurred the expenditure.
Eastern Cape CoGTA	Deviation from the instruction note: Hotel accommodation	NOT APPROVED	No compelling reasons to grant the departure	11 August 2015	The R1300 accommodation limit and category B vehicles not suitable for level 15 officials.

Eastern Cape Parks & Tourism Agency	Exemption to use multiple debit cards	NOT APPROVED	No compelling reasons to grant the departure	23 November 2015	Banking facilities far from the business areas
Financial Intelligence Centre	Deviation from the instruction note: Hotel accommodation	NOT APPROVED	No compelling reasons to grant the departure	16 April 2015	2 quotations were received and the cheapest accommodation was then fully booked and left with the option of the accommodation costing R1695 per night.
Financial Intelligence Centre	Condonation of irregular expenditure incurred: Hotel accommodation	NOT APPROVED	No compelling reasons to condone the irregular expenditure incurred	24 June 2015	All available hotels exceeded the limit
Financial Intelligence Centre	Condonation of irregular expenditure incurred: Hotel accommodation	NOT APPROVED	No compelling reasons to condone the irregular expenditure incurred	30 March 2016	All venues were fully booked and the last option was the hotel exceeding the limit.
Financial Services Board	Deviation from the instruction note: Hotel accommodation	APPROVED	FSB was hosting an international insurance conference attended by 379 organisations from at least 24 countries.	22 April 2015	FSB was hosting an international insurance conference attended by 379 organisations from at least 24 countries.
Financial Services Board	Deviation from the instruction note: Hotel accommodation	NOT APPROVED	No compelling reasons to grant the departure	12 August 2015	Impractical to book delegates accommodation outside the vicinity of the conference venue, so the entity requested to

					exceed the R 1300 limit.
Financial Services Board	Deviation from the instruction note: Hotel accommodation	NOT APPROVED	No compelling reasons to grant the departure	24 February 2016	The FSB to hold a forum at a hotel offering them an accommodation rate exceeding the limit, FSB wanted to book the officials in that hotel since the conference is within the vicinity of the hotel.
Landbank	Deviation from the instruction note: <ul style="list-style-type: none"> • Air Travel • Hotel Accommodation • Car Travel 	NOT APPROVED	No compelling reasons to grant departure.	09 October 2015	Board members should be allowed to fly business class for both local and international trips. Accommodation rates limit not aligned to the usual rates especially in urban areas. Board members need comfortable cars to drive from airports to business branches.
		NOT APPROVED	No compelling reasons to grant any of the departures		
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	<ul style="list-style-type: none"> Alcohol 	NOT APPROVED	No compelling reasons to grant any of the departures		It is a common practice within the entity to buy alcohol for investors and clients.
	<ul style="list-style-type: none"> Food for events 	NOT APPROVED	No compelling reasons		To provide food to staff during engagements.
Transnet	Deviation from the instruction note: Use of multiple debit cards	APPROVED	Alternative measures of controls as suggested by the National Treasury considered by Transnet	22 May 2015	2 debit cards required for the travel agency for the purposes travel and accommodation related expenses as well as 1 card in the name of the department for the purposes of travel and accommodation related expenses, online transactions and petty cash as well as fleet management, petrol and garage cards.
Eskom	Deviation from the instruction note: <ul style="list-style-type: none"> Hotel Accommodation 	NOT APPROVED	No compelling reasons to grant the departure	10 November 2015	Available hotels charge the rate exceeding the rate prescribed by the National Treasury
	<ul style="list-style-type: none"> Multiple cards for business travel 	NOT APPROVED	No compelling reasons to grant the departure		Using a credit card for business travels will allow Eskom to meet its operational requirements

	<ul style="list-style-type: none"> • Usage of pre-funded cards 	APPROVED	National Treasury noted that Eskom staff members operate in remote areas and sometimes required to incur business expenses to perform their duties.		Eskom staff members operate in remote areas and sometimes required to incur business expenses to perform their duties.
	<ul style="list-style-type: none"> • Debit card for International London Office 	NOT APPROVED	No compelling reasons to grant the departure		The office in London needs its debit card to do necessary payments conveniently
	<ul style="list-style-type: none"> • Usage of procurement cards 	NOT APPROVED	No compelling reasons to grant the departure		Use of procurement cards will allow Eskom to perform and meet its operational requirements
	<ul style="list-style-type: none"> • Credit card for Eskom aviation 	APPROVED	Necessary to purchase aviation fuel from domestic and regional suppliers		To be able to purchase aviation fuel from domestic and regional suppliers.
Inseta	Request to condone irregular expenditure relating to accommodation and vehicle hire outside the parameters of Treasury Instruction No 1 of 2013/2014	NOT APPROVED	No compelling grounds to condone the expenditure	26 Feb 2016	Irregular expenditure incurred as a result of a lack of accommodation and unavailability of vehicles within the parameters of National Treasury practice note 01 of 2013/14.

