

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 90 [NW91E]
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90. Mr T D Harris (DA) to ask the Minister of Finance:

- (1) Whether the National Treasury will take action against members of the executive who fail to adhere to the belt-tightening measures announced by the National Treasury in October 2014; if not, why not; if so, what are the relevant details;
- (2) whether the belt-tightening measures announced by the National Treasury provide for the expenditure of R1,3 million on a new vehicle for official use by a premier; if not; what action does he intends taking in this regard?

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REPLY:

- (1) 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 empower 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.

The cost containment measures announced by the Minister of Finance in his Medium Term Budget Policy Statement speech were aimed at alerting public sector institutions in general of the need to ensure fiscal prudence especially given the turbulent economic environment that South Africa operates in. During December 2013, the National Treasury issued a Treasury Instruction on Cost Containment Measures which is aimed at limiting expenditure in all PFMA-compliant institutions, specifically as it relates to the engagement of consultants, travel and subsistence, and catering and events. In this regard, the National Treasury has the power in terms of section 6(2)(c) of the PFMA to monitor and assess the implementation of this Treasury Instruction in all PFMA-compliant institutions.

Given the powers of the National Treasury, it cannot take action against executive authorities that fail to adhere to the cost containment measures announced by the Minister of Finance in October 2014. This is especially the case since section 92(2) of the Constitution, 1996 (Act No. 108 of 1996) provides that members of Cabinet are individually and collectively accountable to Parliament for the exercise of their powers

and the performance of their functions. Section 133(2) of the Constitution, 1996 contains the corresponding provision for Members of the Executive Council and their individual and collective accountability to the provincial legislature.

- (2) As indicated in (1) above, the Treasury Instruction on Cost Containment Measures is aimed at limiting expenditure in all PFMA-compliant institutions, specifically as it relates to the engagement of consultants, travel and subsistence, and catering and events. Rules governing the purchases of motor vehicles for executive authorities are contained in the Ministerial Handbook, which is administered by the Department of Public Service and Administration. The measures announced by the National Treasury therefore do not include the purchasing of motor vehicles for executive authorities. Processes are currently underway at the Department of Public Service and Administration to amend the Ministerial Handbook to address limitations regarding the purchases of vehicles.
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