

**NATIONAL COUNCIL OF PROVINCES**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 21[CW21E]**  
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**21. Mr F Essack (Mpumalanga: DA) to ask the Minister of Finance:**

Whether the National Treasury intends to amplify cost containment measures that were announced in 2013 (details furnished); if not, why not; if so, what are the relevant details?

CW21E

**Reply:**

The National Treasury's first cost containment measures took effect in January 2014 for institutions that has to comply with the prescripts of the Public Finance Management Act 1 of 1999 (PFMA). Those measures sought to address excessive expenditure related to consultants, entertainment allowances, social functions, catering, events hosting, as well as travel and subsistence.

Further cost containment measures were introduced in May 2017 to curtail non-essential expenditure, targeting: corporate branded items; newspapers and other publications; advertising; telephone, mobile phone and mobile data costs; hiring of venues; as well as hosting and attendance of conferences within and outside the country.

Also in May 2017, cost containment measures on travel and subsistence were intensified through the release of the National Travel Policy accompanied by Treasury Instruction No. 4 of 2017/2018, to manage travel and accommodation expenditure, one of Government's major expenditure items.

Similar measures were also introduced for Local Government on 30 March 2016, when the National Treasury issued MFMA Circular 82 which is applicable to municipalities and municipal owned entities. These measures were further updated in November 2016 in respect of air travel arrangements.

To give effect to the addresses made in the State of the Nation Address by the State President and Budget Speeches and Medium Term Budget Policy Statements by the Minister of Finance, Draft Municipal Cost Containment Regulations was published in the Government Gazette number 41445 dated 16 February 2018. The draft regulations was issued to basically give effect to the intent and spirit of MFMA Circular 82 referred to above and to provide for legal enforcement. Closing date for comments was 30 March 2018 and it is envisaged that the effective date will be 1 July 2018, which is the commencement of the new financial year for municipalities. The draft regulations will be applicable to municipalities and municipal entities.

The intent of the cost containment measures is to ensure that government receives value for money and eliminates non-essential expenditure. The National Treasury will continue to intensely monitor national expenditure and will introduce further cost

containment measures where necessary in order to free up funding for more important objectives.