



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS

ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULE 3 TO THE PFMA

HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY INSTRUCTION No. 1 OF 2024/2025

REVISED COST CONTAINMENT MEASURES

1 PURPOSE

The purpose of this National Treasury Instruction is to prescribe revised cost containment measures for departments, constitutional institutions and public entities listed in Schedule 3 to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).

2 APPLICABILITY

This Treasury Instruction applies to all departments, constitutional institutions and public entities listed in Schedule 3 to the PFMA (herein called "institution" or institutions").

3 BACKGROUND

- 3.1 An accounting officer and accounting authority must implement control measures to ensure that all expenditure in their institutions is necessary, appropriate, cost-effective, recorded and reported.
- 3.2 An accounting officer and accounting authority must ensure that all employees are mindful of the current economic realities and need to intensify efforts to improve efficiency in spending by reducing non-essential expenditure.
- 3.3 This Treasury Instruction contains the cost containment measures relating to consultants, hosting and attendance of local or international conferences and guidelines for travel and subsistence.

4 COST CONTAINMENT MEASURES

4.1 ENGAGEMENT OF PROFESSIONAL SERVICE PROVIDERS (CONSULTANTS)

- 4.1.1 An accounting officer and accounting authority, when appointing and managing consultants and consultancy projects, must ensure that—
 - (a) consultants are only used, if the required capacity, skills, or expertise do not exist in their institution; and
 - (b) value for money is achieved when making use of consultants.
- 4.1.2 Consultants must be appointed in accordance with the procurement processes, subject to negotiations.

4.2 COST CONTAINMENT MEASURES RELATED TO HOSTING AND ATTENDANCE OF CONFERENCES

4.2.1 Hosting of conferences (within the borders of South Africa)

4.2.1.1 An accounting officer and accounting authority may host conferences if the expenditure related thereto are at market related rates and determined in an internal policy of the institution.

4.2.1.2 If the expenditure for hosting of a conference exceeds the rate referred to in paragraph 4.2.1.1, the accounting officer or accounting authority may approve a higher rate on reasonable grounds. The deviation from the rate approved by the accounting officer or accounting authority in the internal policy must be recorded in a register kept by the institution at the end of each quarter and recorded in its annual report at the end of each financial year.

4.2.1.3 The motivation for the accounting officer or accounting authority to approve a rate higher than the rate in the internal policy must, as a minimum, contain–

- (a) the nature of the conference;
- (b) targeted audience;
- (c) total number of anticipated delegates;
- (d) negotiated attendance cost per person;
- (e) breakdown of the conference expenditure;
- (f) how the conference furthers the mandate of the institution; and
- (g) how the conference contributes to strategic partnerships with stakeholders.

4.2.2 Attendance at conferences hosted by professional bodies and other government or non-governmental organizations (within the borders of South Africa)

4.2.2.1 Employees of institutions may attend conferences hosted by professional bodies and other government or non-governmental institutions held within the borders of South Africa if expenditure related to their attendance is approved by the accounting officer or accounting authority in line with the internal policy of the institution.

4.2.2.2 The expenditure approved must include–

- (a) conference registration costs;
- (b) any other expenditure in relation to the conference; and
- (c) incidental costs.

4.2.2.3 Expenditure, referred to in paragraph 4.2.2.2, must exclude costs related to travel and accommodation. An accounting officer and accounting authority must ensure that air travel and accommodation arrangements are in line with internal travel policy of the institution, referred to in paragraph 4.3.

4.2.2.4 When considering the approval of expenditure for the attendance of a conference, an accounting officer and accounting authority must consider as minimum criteria whether–

- (a) the conference is aligned to the performance agreement or personal development of the employee;
- (b) the conference will benefit the employee in the performance of duties in the institution;
- (c) the objective of the conference relates to a function of the institution; and
- (d) budgeted funds are available to meet expenditure related to the employee's attendance of the conference.

4.2.2.5 Employees of institutions must make every effort to take advantage of early registration discounts by seeking the required approval to attend the conference timeously.

4.2.3 Attendance of conferences and study tours (outside South Africa)

4.2.3.1 An accounting officer and accounting authority may grant approval for employees to attend conferences hosted by professional bodies, other government, or non-governmental institutions (external conferences), held outside the borders of South Africa.

4.2.3.2 The expenditure referred to in paragraph 4.2.3.1, must include—

- (a) conference registration costs;
- (b) any other expenditure in relation to the conference; and
- (c) incidental cost.

4.2.3.3 The expenditure referred to in paragraph 4.2.3.2 exclude costs related to air travel and accommodation. An accounting officer and accounting authority must ensure that air travel and accommodation arrangements are in line with the travel policy of the institution, referred to in paragraph 4.3.

4.2.3.4 When considering the approval of expenditure for the attendance of a conference, an accounting officer and accounting authority must consider as a minimum whether—

- (a) the conference is aligned with the performance agreement or personal development of the employee;
- (b) the conference will benefit the employee in the performance of duties in the institution;
- (c) the objective of the conference relates to a function of the institution; and
- (d) budgeted funds are available to meet expenditure related to the employee's attendance of the conference.

4.2.3.5 Employees of institutions must make every effort to take advantage of early registration discounts by seeking the required approval to attend the conference timeously.

4.3 COST CONTAINMENT MEASURE RELATED TO TRAVEL AND SUBSISTENCE

4.3.1 An accounting officer and accounting authority must develop and implement a travel policy—

- (a) considering the National Travel Guideline (NTG), attached as **Annexure A**, which is non-binding; and
- (b) which is in line with the institution's operational requirements.

4.3.2 For effective and efficient payment of travel related expenditure, a credit or debit card lodged with a travel agency for purposes of payment for travel and accommodation related expenditure, provided for in Treasury Regulation 15.10.3.5(a) or 31.2.7(a), may be used as a method of payment.

5 EFFECTIVE DATE

This Treasury Instruction takes effect on 1 September 2024.

6 REPEAL OF NATIONAL TREASURY INSTRUCTION

This Treasury Instruction repeals:

- (a) National Treasury Instruction No. 03 of 2017/2018 on Cost Containment Measures for departments, constitutional institutions and public entities listed in

Schedules 2 and 3 to the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999);

- (b) National Treasury SCM Instruction No. 06 of 2022/2023 – National Travel Framework; and
- (c) National Treasury SCM Instruction No. 07 of 2022/2023 – Cost Containment related to Travel and Subsistence.

7 DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

7.1 Accounting officers of national departments are requested to bring the contents of this Treasury Instruction to the attention of all:

- (a) accounting officers of constitutional institutions that receive transfers and subsidies from its vote; and
- (b) accounting authorities of Schedule 3 public entities that report to the executive authority responsible for the public entity.

7.2 Head officials of provincial treasuries are requested to bring the contents of this Treasury Instruction to the attention of all accounting officers of departments and accounting authorities of public entities in their respective provinces.

8 AUTHORITY FOR THIS INSTRUCTION

This Treasury Instruction is issued in terms of sections 76(4)(b) of the PFMA.

9 CONTACT INFORMATION

9.1 Enquiries on cost containment measures relating to travel and subsistence including the National Travel Guideline, may be directed to:

Phale Naake

Director: Strategic Procurement – Government Travel Services

Office of Chief Procurement Officer

Phone: 012 315 5883

E-Mail: phale.naake@treasury.gov.za / cpo@treasury.gov.za

9.2 Enquiries on cost containment measures relating to consultants and conferences may be emailed to oaqqueries@treasury.gov.za;



DUNCAN PIETERSE

DIRECTOR-GENERAL

DATE: 21/06/24