



**Western Cape
Government**

Provincial Treasury

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Reference: RCS/C.6

TREASURY CIRCULAR NO. 38 /2016

THE PREMIER

THE MINISTER OF ECONOMIC OPPORTUNITIES

THE MINISTER OF COMMUNITY SAFETY

THE MINISTER OF CULTURAL AFFAIRS AND SPORT

THE MINISTER OF EDUCATION

THE MINISTER OF FINANCE

THE MINISTER OF HEALTH

THE MINISTER OF HUMAN SETTLEMENTS

THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING

THE MINISTER OF SOCIAL DEVELOPMENT

THE MINISTER OF TRANSPORT AND PUBLIC WORKS

THE SPEAKER: PROVINCIAL PARLIAMENT

THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

THE EXECUTIVE AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MINISTER IH MEYER)

THE EXECUTIVE AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (MINISTER A BREDELL)

THE EXECUTIVE AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MINISTER A WINDE)

THE EXECUTIVE AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (MINISTER A WINDE)

THE EXECUTIVE AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: WESTERN CAPE HERITAGE (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: CASIDRA (MINISTER A WINDE)

THE EXECUTIVE AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (MINISTER D PLATO)

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (ADV B GERBER)

THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (DR G LAWRENCE)

THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MR Z HOOSAIN)

THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (MR G MORRIS)

THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR BK SCHREUDER)

THE ACCOUNTING OFFICER: VOTE 6: HEALTH (DR B ENGELBRECHT)

THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (DR R MACDONALD)

THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR T MGULI)

THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR P VAN ZYL)

THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MS J GOOCH)

THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)

THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR S FOURIE)

THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR B WALTERS)

THE ACCOUNTING OFFICER: VOTE 14: LOCAL GOVERNMENT (MR G PAULSE)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR D BASSON)

THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS N PETERSEN)

THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)

THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)

THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)

THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)

THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)

THE CHIEF FINANCIAL OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR F DE WET)

THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUYS)

THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)

THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)

THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)

THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MS BG RUTGERS)

THE CHIEF FINANCIAL OFFICER: VOTE 14: LOCAL GOVERNMENT (MS B SEWLALL-SINGH)

For information

THE ACCOUNTING AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MS A LAPOORTA)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (PROF G MANEVELDT)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR B FIGAJI)
 THE ACCOUNTING AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (DR J STEGMANN)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MS J MOLELEKI)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MS J MOLELEKI)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE HERITAGE (MR M DLAMUKA)
 THE ACCOUNTING AUTHORITY: CASIDRA (ADV GA OLIVER)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (MR M JONES)
 THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR P ABRAHAMS)
 THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (DR R OMAR)
 THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR T HARRIS)
 THE CHIEF EXECUTIVE OFFICER: SALDANHA BAY IDZ LICENCING COMPANY (MR D SOUTHGATE) (ACTING)
 THE CHIEF EXECUTIVE OFFICER: CASIDRA (MR M BRINKHUIS)
 THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LIQUOR AUTHORITY (DR L MDUNYELWA)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR T SWART) (ACTING)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MR M BHAYAT)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR I BLACKIE)
 THE CHIEF FINANCIAL OFFICER: SALDANHA BAY IDZ LICENCING COMPANY (MR H BONESCHANS)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS B RUTGERS)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LANGUAGE COMMITTEE (MS B RUTGERS)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE HERITAGE (MS B RUTGERS)
 THE CHIEF FINANCIAL OFFICER: CASIDRA (MR F VAN ZYL)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LIQUOR AUTHORITY (MS V LETSWALO)
 THE SENIOR MANAGER: GOVERNMENT MOTOR TRANSPORT (MR J KOEGELENBERG)
 THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR Z HOOSAIN)
 THE DEPUTY DIRECTOR GENERAL: FISCAL AND ECONOMIC SERVICES (MR H MALILA)
 THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR A HARDIEN)
 THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MR M BOOYSEN) (ACTING)
 THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR M SIGABI) (ACTING)
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MR IG SMITH)
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR B VINK)
 THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (ADV E PRETORIUS)
 THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)
 THE DIRECTOR: FINANCIAL GOVERNANCE (MS MF VAN NIEKERK) (ACTING)
 THE DIRECTOR: FISCAL POLICY (MR M BOOYSEN) (PRO TEM)
 THE DIRECTOR: INFRASTRUCTURE (MR A VISAGIE) (ACTING)
 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR L BRINDERS)
 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MS S CUPIDO) (ACTING)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR Z ZONYANE) (ACTING)
 THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN)
 THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)
 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS R SLINGER)
 THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)
 THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MS R ESACK) (ACTING)
 THE PROVINCIAL AUDITOR
 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
 THE DEPUTY DIRECTOR GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

STATUS OF NATIONAL TREASURY SCM INSTRUCTION 1 OF 2016/17: NATIONAL TRAVEL POLICY FRAMEWORK

1. PURPOSE

- 1.1 The purpose of this communicate is to inform Accounting Officers and Accounting Authorities of the current status and way forward in terms of the implementation of National Treasury's SCM Instruction Note 1 of 2016/17: National Travel Policy Framework (attached as Annexure "A").

2. BACKGROUND

- 2.1 National Treasury SCM Instruction 1 of 2016/17 communicated the National Travel Policy Framework which had an effective date of 1 July 2016.
- 2.2 At the time of the issuance of the said instruction, National Treasury (NT), Office of the Chief Procurement Officer, engaged provinces on a National Roadshow in order to communicate the NT Travel Transversal Sourcing Strategy and the associated Travel Policy Framework.
- 2.3 The Western Cape Government was addressed by National Treasury on 26 June 2016 where key concerns were raised on the NT Travel Sourcing Strategy and Policy. NT indicated at the engagement that provinces would need to provide formal comments on the NT Travel Policy and Strategy.
- 2.4 Provincial Treasury submitted formal comments to NT regarding the NT Travel Sourcing Strategy and Policy, letter dated 19 July 2016 (refer to Annexure B).
- 2.5 NT subsequently, informally communicated (via email) a draft SCM Instruction 1A and Circular X of 2016/2017: *National Travel and Accommodation Project Implementation to the Provincial Treasury*, which were intended to defer the implementation date for the National Travel Policy Framework to 1 April 2017. (See attached Annexures C & D.)
- 2.6 At the time of writing, NT has not issued the revised policies which poses an audit risk for departments and entities.
- 2.7 The objective of this circular is thus to communicate the status quo to provincial departments and entities and advise on the way forward until 31 March 2017.

3. INTERIM ARRANGEMENTS (1 SEPTEMBER 2016 – 31 MARCH 2017)

- 3.1 Where existing contracts with Travel Management Companies **expire before 31 March 2017**, such contracts be extended until 31 March 2017. This projection is based on the timelines provided by National Treasury and the fact that the evaluation date for the NT bid for the establishment of panels for TMCs has been deferred to 9 September 2016, which effectively will delay the establishment of these panels. Thereafter, departments and entities would still need time to conclude their own contracts from these panels. Once NT has established the Travel Management Company panels, departments and entities would still be required to establish their individual contract from the established list and sufficient time would need to be factored in for this process to be concluded. In view of all of this Provincial Treasury is advocating that the interim arrangement span until 31 March 2017.

- 3.2 Departments and entities are also reminded that where the value of the expansion of travel management contracts exceed the 15% /R15 million (including VAT) threshold, such cases be reported to the Provincial Treasury and to the Auditor-General within 10 (ten) working days after the Accounting Officer or Accounting Authority has granted approval for the expansion. The Provincial Treasury will scrutinise such reports and take appropriate action where deemed necessary.
- 3.3 Where departments and entities (schedule 3A and 3C) are in the process of concluding travel tenders it is advised that consultation be had with National Treasury prior to the award of the contracts.
- 3.4 The requirements indicated herein are merely an interim arrangement for departments/entities to manage their current contracts.
- 3.5 It must be noted that from a broader provincial view on transversal contracts entered into by the National Treasury in terms of National Treasury Regulation 16A6.5, Accounting Officers/Authorities still have the discretion on whether/not to participate in such contracts.
- 3.6 Whilst the National Treasury Instruction 1 of 2016/17 obliges Provinces to participate in transversal contracts, which is also consistent with the view of the National Minister of Finance, there appears to be no reason at this stage to deviate from the Provincial view that Instructions do not have the same legal implications as Regulations and that National Treasury Regulation 16A6.5 in the circumstances prevails.
- 3.7 Departments are further informed in terms of Cabinet Resolution Minute No.170/2016 (provincial), that any SCM policy decisions that are binding on the Province must be advised on by Cabinet; and in the context of the Minister of Finance's stance that transversal contracts are binding on Provinces the Provincial Treasury is taking up the issue with legal services and then to Cabinet for advice; whereafter the Provincial Treasury will issue instructions to departments/entities based on the advice provided.

4. PROPOSED FEE INCREASES COMMUNICATED BY NATIONAL TREASURY

- 4.1 It has been brought to PT's attention that National Treasury communicated with certain Travel Management Companies (aka Travel Agencies) and Provincial Departments on the revision of their existing agreements with Travel Management Companies to be in line with the new standard remuneration model that is proposed by National Treasury.
- 4.2 Provincial Treasury is of the view that existing contractual arrangements would take precedence and that any proposed contractual changes be executed in consultation with the Department of the Premier, Legal Services. The discretion to accept NT's revised remuneration model would remain with accounting authorities and officers who would have to duly consider the implication on their budgets as

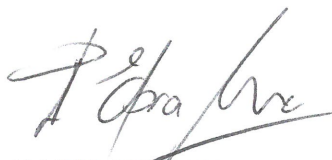
well as the value for money proposition made. Departments/entities that are intending to accept the revised remuneration rates must take cognisance that doing so may create an unintended precedent for other Travel Management Companies' to act upon.

5. REQUEST

- 5.1 Accounting Officers and Accounting Authorities are hereby advised to note the contents of this circular and to apply the interim arrangements indicated herein.
- 5.2 To await the issuance of the revised NT policies in respect of the Travel Strategy and Policy Framework and to disregard the current 1 July 2016, implementation date.
- 5.3 Any enquiries relating to this circular may be directed to:

Samantha-lee Mars, tel 021 483 5810

Samantha-lee.mars@westerncape.gov.za



NADIA EBRAHIM

DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT

DATE: 19 September 2016



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 SCHEDULES 3A AND 3C TO THE PFMA

HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY SCM INSTRUCTION NO 1 OF 2016/2017

NATIONAL TRAVEL POLICY FRAMEWORK

1. PURPOSE

- 1.1. The purpose of this *SCM Treasury Instruction* is to prescribe a National Travel Policy Framework for departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).

2. BACKGROUND

- 2.1. Section 45(b) and (c) and section 57(b) and (c) of the PFMA places the onus on each employee within organs of state to take responsibility for the effective, efficient, economical and transparent use of financial and other resources within that employee's area of responsibility. In particular, the employee must take effective and appropriate steps to prevent, within that employee's area of responsibility, any unauthorised, irregular, fruitless and wasteful expenditure.
- 2.2. In light of paragraph 2.1 of this *SCM Treasury Instruction*, it is necessary for accounting officers and accounting authorities to ensure that appropriate control measures are instituted to provide reasonable assurance that all employees take effective and appropriate steps to prevent, within that employee's area of responsibility, any unauthorised, irregular, fruitless and wasteful expenditure in the relevant accountability instruments.
- 2.3. The South African Government spends close to R10 billion per annum on travel and subsistence for national and provincial departments only. This is the 5th largest expenditure item after Building & Property Payments, Medical supplies, Contractors and Professional Services. Currently, the service is procured across all organs of state resulting in fragmented procurement, duplication of effort, different cost and pricing models.
- 2.4. The National Treasury, in consultation with relevant stakeholders, developed a National Travel Policy to provide direction to departments, constitutional institutions and public entities listed in Schedule 3 A and C of the PFMA with regard to management of air travel, car hire, transfer services and accommodation for public servants.

3. NATIONAL TRAVEL POLICY FRAMEWORK

- 3.1. The National Travel Policy Framework provides for minimum standards for all public officials travelling on official business.
- 3.2. Institutions to which this *SCM Treasury Instruction* applies must ensure that their travel policies and travel arrangements are in accordance with the National Travel Policy Framework.
- 3.3. The National Travel Policy framework is hereby attached as **Annexure A**

4. COMMENCEMENT DATE

- 4.1. Departments and public entities listed in Schedule 3A and C to the PFMA must adapt their institutional instructions, policies and standard operating procedures to the National Travel Policy Framework by 30 June 2016.
- 4.2. Institutions are expected to fully implement the National Travel Policy Framework with effect from **1 July 2016**.

5. APPLICABILITY

This *SCM Treasury Instruction* applies to all departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the PFMA.

6. DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION

- 6.1. Accounting officers of departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the PFMA are requested to bring the contents of this *SCM Treasury Instruction* to the attention of :
 - (a) Chief financial officers and the supply chain management officials of their respective departments; and
 - (b) All accounting authorities of public entities reporting to the executive authority of their respective departments, if applicable.
- 6.2. Head Officials of provincial treasuries are requested to bring the contents of this *Treasury Instruction* to the attention of all accounting officers and supply chain management officials of departments in their respective provinces;
- 6.3. Accounting Authorities of public entities are requested to bring the contents of this *Treasury Instruction* to the attention of chief financial officers and the supply chain management officials of their respective public entities.
- 6.4. National Treasury will be conducting road shows in May and June 2016 in order for institutions to gain a better understanding of the National Travel Policy Framework.

7. NOTIFICATION TO THE AUDITOR-GENERAL

The Auditor-General will be notified of the contents of this *Treasury Instruction*.

8. AUTHORITY FOR THIS INSTRUCTION

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

9. CONTACT INFORMATION

Enquiries related to this Instruction may be directed to:

Potso Makgatho

Deputy Director: Strategic Procurement

Telephone: 012 315 5351

Or

Graham Louw

Director: Strategic Procurement,

Telephone: 012 315 5073

Email: travelpolicyqueries@treasury.gov.za

Yours sincerely



KENNETH BROWN

CHIEF PROCUREMENT OFFICER

DATE: 15/4/2016.

ATTACHMENTS:

ANNEXURE A: NATIONAL TRAVEL POLICY FRAMEWORK



**Western Cape
Government**

Provincial Treasury

PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT

Tel: +27 21 483 5810: Fax: +27 21 483 4671

1st Floor, 4 Dorp Street,

Cape Town 8001

www.westerncape.gov.za

Reference: PTR/1/3/1/1/1

Enquiries: Nadia Ebrahim

THE OFFICE OF THE CHIEF PROCUREMENT OFFICER

NATIONAL TREASURY

Dear Colleague

Please see hereunder the Western Cape Provincial Treasury's comments in respect of the National Treasury Travel Policy Framework as per SCM Instruction 1 of 2016/17.

1. COMMENTS

Applicable Paragraph	Comment
9.1	The class of travel should be Economy Class from the level below that of HOD and DDG. In not doing so this policy condones wastage which cannot be afforded in the current constrained fiscal environment.
	What is the process regarding changes to an issued air ticket eg. Different official has to fly due to unforeseen circumstances.
9.1.4	Supporting staff to Ministers, Premiers, in some instances have to travel with them to conclude preparatory work. From a practical point of view, discretion should be granted to AO's to condone this as and when necessary.
9.2	This grid is found to be discriminatory and offensive to WCG, it furthermore supports via policy, financial wastage. Fit for purpose should be the overriding criteria as there is an obligation to use taxpayer's money efficiently.

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<p>9.2.1 (Annexure A,)</p>	<p>NT is not learning from the impact the setting of rates had via the First Cost Containment Circular. Why must the rates be prescribed if competition is supposed to drive cost down. There was no market failure and WCG is highly opposed to this method of interfering in the market. Unintended consequences such as collusion will be had and actual travel expenditure will increase because departments are now having to pay higher rates for accommodation as result of the NT devised policy. The strategy defeats strategic sourcing principles as the real drivers of the cost are not being addressed. WCG is of the opinion that the behaviour that drives the costs of travel needs to be assessed and efficiency strategies devised from perspective (for eg. Meeting can be scheduled at 10:00 o' clock to allow for fly in on the morning of meetings which will reduce the need to stay over; meetings can be scheduled at venues within close proximity of airport to reduce travel costs and use of technology should have to be leveraged. It has also been noted that the provisions in the Cost Containment Instruction are not being monitored, giving effect to leakage. The B&B Rates are not realistic, especially in Cape Town, thus depts. will be now be forced to stay in hotels. The star ratings model will unnecessarily complicate the management of claims. The star rating will also be problematic for bed and breakfast venues. The complex calculation of accommodation cost in relation to star rating, level of official and types of accommodation will contribute to audit challenges as its very complex to manage.</p>
<p>9.3</p>	<p>The policy must to amended to provide for officials' whose licenses were issued in terms of automatic vehicle. The decision must be vested in the AO and not prescribed in the policy.</p>
<p>11.2.1</p>	<p>Not in agreement if applicable on all travel arrangements. Previously this rule only applied to air travel. Some departments such as Agriculture will have instances where travel will have to be</p>

	undergone by more than 3 officials (conferences, projects, and strategic sessions).
13.6.3	Not in agreement. Some departments' geographical spread must be considered and most officials take part in lift clubs so this provision will actually end up being costly for them as they are incurring expenditure which they would not have incurred in the norm (lift clubs , public transport is generally cheaper).
15.1.4	Not in agreement. Personnel's safety may be compromised if employees have to travel alone at night / dangerous routes/roads.
18.4.4	Not in agreement for international travel. 30 days are recommended for foreign travel as some travelers have to pay for visas before departure. Some conferences require that registration be paid in advance via credit card for which officials use their travel advance.
19.3	A deviation mechanism must be provided for where there will be instances where it will be impractical to get 3 quotes
19.4	Some guidance must be given as to what constitutes the "required authorization".
19.5	This requirement is making it compulsory for organs of state to sign a document which could be protecting the venue company but could be detrimental to the state.

2 OTHER COMMENTS

- 2.1 There is no clarity on the legal status of the various policy instruments ie Instructions, Circulars, Cost containment circulars issued via OAG and OCP. What trumps what?
- 2.2 The First Cost Containment Instruction has not been retracted. Clarity is sought on the status of all the policies.
- 2.3 The Framework is described as a guideline but reads in a more prescriptive manner.
- 2.4 Policy guidance/clarity must be provided on the use of credit cards, lodge cards, purchase cards as it relates to travel management.

- 2.5 The TMC panels offer no room for negotiation opportunities for Provinces. Essentially boxed into NT's Model as the tariffs will be prescribed.
- 2.6 The entire approach by NT is around interfering in the market. This is not the best approach and the one-size-fits all approach will not yield cost efficiencies at least not at Provincial Level.
- 2.7 The Tariffs must be adjusted annually with the requisite index as provinces have experienced the impact of inflation on the existing R1300 unadjusted rate since issuance of Cost Containment Instruction 1.



NADIA EBRAHIM

DIRECTOR: PROVINCIAL GOVERNMENT, SUPPLY CHAIN MANAGEMENT

WESTERN CAPE PROVINCIAL TREASURY

DATE: 13 JULY 2016



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 SCHEDULES 3A AND 3C TO THE PFMA

HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY SCM INSTRUCTION NO 1A OF 2016/2017

NATIONAL TRAVEL POLICY FRAMEWORK

1. PURPOSE

- 1.1. The purpose of the Instruction is to extend the implementation date of the National Travel Policy Framework for departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the Public Finance Management Act 1 of 1991 (PFMA) as instructed in terms of the *National Treasury SCM Instruction No 1 of 2016/2017*.

2. BACKGROUND

- 2.1. Section 45(b) and (c) and section 57(b) and (c) of the PFMA places the onus on each employee within organs of state to take responsibility for the effective, efficient, economical and transparent use of financial and other resources within that employee's area of responsibility. In particular, the employee must take effective and appropriate steps to prevent, within that employee's area of responsibility, any unauthorised, irregular, fruitless and wasteful expenditure.
- 2.2. In light of paragraph 2.1 of this *SCM Treasury Instruction*, it is necessary for accounting officers and accounting authorities to ensure that appropriate control measures are instituted to provide reasonable assurance that all employees take effective and appropriate steps to prevent, within that employee's area of responsibility, any unauthorised, irregular, fruitless and wasteful expenditure in the relevant accountability instruments.
- 2.3. The South African Government spends close to R10 billion per annum on travel and subsistence for national and provincial departments only. This is the 5th largest expenditure item after Building & Property Payments, Medical supplies, Contractors and Professional Services. Currently, the service is procured across all organs of state resulting in fragmented procurement, duplication of effort, different cost and pricing models.
- 2.4. The National Treasury, in consultation with relevant stakeholders, developed a National Travel Policy to provide direction to departments, constitutional institutions and public entities listed in Schedule 3 A and C of the PFMA with

regard to management of air travel, car hire, transfer services and accommodation for public servants.

- 2.5 On request of the Provincial Treasuries and Departments the period in which the Institutions must **adapt** their instructions, policies and standard operating procedures to the National Travel Policy Framework is extended. The extension will provide National Treasury the opportunity to review the feedback from stakeholders received during the roadshows conducted to implement the new policy framework and provide feedback to the stakeholders.

3. NATIONAL TRAVEL POLICY FRAMEWORK REVIEW

- 3.1 National Treasury identified the need to review and refine the National Travel Policy Framework based on the feedback received from the stakeholders during the roadshows conducted to implement the Travel Policy Framework.
- 3.2 All institutions must direct input and feedback to travelpolicyqueries@treasury.gov.za by 29 July 2016. Any input received after 29 July 2016 will only be considered in the annual review of 2018.
- 3.3 National Treasury will consolidate all the input provided and give feedback to assist institutions to **interpret and adapt** their policies in line with the National Travel Policy Framework.
- 3.4 National Treasury will publish the reviewed National Travel Policy Framework by 1 November 2016.

4. COMMENCEMENT DATE

- 4.1. Departments and public entities listed in Schedule 3A and C to the PFMA must **adapt** their institutional instructions, policies and standard operating procedures to the National Travel Policy Framework by 31 March 2017.
- 4.2. Institutions are expected to fully implement the National Travel Policy Framework with effect from 1 April 2017.

5. APPLICABILITY

This *Treasury Instruction* applies to all departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the PFMA.

6. DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION

- 6.1. Accounting officers of departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the PFMA are requested to bring the contents of this *Treasury Instruction* to the attention of :
 - (a) Chief financial officers and the supply chain management officials of their respective departments; and
 - (b) All accounting authorities of public entities reporting to the executive authority of their respective departments, if applicable.
- 6.2. Head Officials of provincial treasuries are requested to bring the contents of this *Treasury Instruction* to the attention of all accounting officers and supply chain management officials of departments in their respective provinces;

- 6.3. Accounting Authorities of public entities are requested to bring the contents of this *Treasury Instruction* to the attention of chief financial officers and the supply chain management officials of their respective public entities.
- 6.4. National Treasury conducted road shows in June 2016 in order for institutions to gain a better understanding of the National Travel Policy Framework.

7. REPEAL OF NATIONAL TREASURY SCM INSTRUCTION

- 7.1 This instruction repeals
- 7.1.1 the *National Treasury SCM Instruction Note 1 of 2016/2017* dated 15 April 2016.

8. NOTIFICATION TO THE AUDITOR-GENERAL

The Auditor-General will be notified of the contents of this *National Treasury Instruction*.

9. CONTACT INFORMATION

Enquiries related to this Instruction may be directed to:

Potso Makgatho

Deputy Director: Strategic Procurement

Telephone: 012 315 5351

Or

Graham Louw

Director: Strategic Procurement,

Telephone: 012 315 5073

Email: travelpolicyqueries@treasury.gov.za

KENNETH BROWN

CHIEF PROCUREMENT OFFICER

DATE:

ATTACHEMENTS:

ANNEXURE A: NATIONAL TRAVEL POLICY FRAMEWORK

ANNEXURE B: NATIONAL TREASURY SCM INSTRUCTION NO 1 OF 2016/2017



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

TO: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS

ACCOUNTING AUTHORITIES OF ALL SCHEDULE 3A AND 3C PUBLIC ENTITIES

HEAD OFFICIALS OF ALL PROVINCIAL TREASURIES

NATIONAL TREASURY CIRCULAR NO X OF 2016/2017

NATIONAL TRAVEL AND ACCOMMODATION PROJECT IMPLEMENTATION (TRAVEL MANAGEMENT COMPANIES)

1. PURPOSE

- 1.1. The purpose of this circular is to update departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) about the implementation of National Treasury's National Travel and Accommodation Sourcing Project.
- 1.2. This circular is also aimed at informing accounting officers and accounting authorities of the transitional arrangements from 1 April 2016 to 30 September 2016 prior to the mandatory implementation of the National Travel and Accommodation Project with effect from 1 October 2016.

2. BACKGROUND

- 2.1. In terms of section 38 (1) (a) (iii) and 51 (1) (iii) of the PFMA, the accounting officer of a department or constitutional institution and the accounting authority of a public entity listed in Schedule 3A and 3C to the PFMA must ensure that their respective institution has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.
- 2.2. The South African Government spends close to R10 billion per annum on travel and subsistence for national and provincial departments alone. National Treasury is in the process of reviewing Government's travel and accommodation expenditure to reduce fragmented procurement, duplication of effort, different pricing and pricing models including costs by issuing a National Travel Policy addressing, amongst others, air travel, car hire, transfer services and accommodation for public servants.
- 2.3. The Office of the Chief Procurement Officer (OCPO) has, as result of the review above, developed a national sourcing strategy for the procurement of domestic air and land travel, accommodation services as well as travel agency services to be implemented at all national and provincial departments.
- 2.4. To avoid further duplication of effort and high state expenditure in travel and accommodation, and while the National Treasury is concluding its negotiations with

NATIONAL TREASURY CIRCULAR NO 1 OF 2016/2017: NATIONAL TRAVEL AND ACCOMMODATION PROJECT IMPLEMENTATION

the travel industry, institutions listed in this circular will be required to apply the following interim measures for the transitional period.

3. TRANSITIONAL PERIOD

- 3.1. In the transitional period until 30 September 2016, accounting officers and accounting authorities are required, where possible, **not** to renew any contracts with travel management companies (TMCs).
- 3.2. Where current contracts with TMCs expire before 30 September 2016, these contracts should be extended until 31 January 2017.
- 3.3. National Treasury's national travel procurement strategy is to appoint panels of Travel Management Companies on a National level and per Province by 30 September 2016.
- 3.4. The Travel Management Companies will be pre-qualified based on their functionality, demonstrating their service offering, capacity and financial suitability to provide travel management services to the different Government Departments.
- 3.5. The period from the appointment of the panels on 1 October 2016 until 31 January 2017 allows the Departments to embark on a closed bid process to appoint a Travel Management Company from the relevant panel to provide travel management services. The bids will be based on the volume and complexity of the Department's travel requirements.
- 3.6. Where departments have already issued tenders and are in the process of finalising these for award, it is advised that the department consult with National Treasury prior to the conclusion of the tender process and the awarding of the contracts.
- 3.7. Where contracts are expiring after 30 September 2016, these contracts must be honoured until completion. After the expiry of these contracts, departments and entities will be required to implement the national travel and accommodation strategy.
- 3.8. Institutions must take Paragraph 9 of *National Treasury SCM Instruction Note 3 2016/2017* into consideration when extending the contracts with the travel management service providers.
- 3.9. Furthermore, departments are advised not to enter into corporate agreements with any hotel groups, B&B's, Guest Houses, Airlines, Car Rental Companies or Shuttle Services, as the National Treasury's current procurement strategy includes direct corporate agreements for government with these groups of service providers.

4. SUMMARY OF PROCESS AND TIMELINES FOR THE APPOINTMENT OF PANELS OF TRAVEL MANAGEMENT COMPANIES

The following reflect the timelines of the process for the appointment of the panels of Travel Management Companies:

Issue of Bid	1 July 2016
Bid Information Sessions	12-14 July 2016
Closing date	5 August 2016
Bid Evaluation	15 to 26 August 2016
Bid Adjudication Committee	September 2016

5. APPLICABILITY

- 5.1 This Circular is only applicable to domestic travel and accommodation services and applies to all departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the PFMA.

**NATIONAL TREASURY CIRCULAR NO 1 OF 2016/2017: NATIONAL TRAVEL AND
ACCOMMODATION PROJECT IMPLEMENTATION**

6. REPEAL OF NATIONAL TREASURY CIRCULAR

- 6.1 This circular repeals *National Treasury Circular 1* of 2016/2017 dated 2 March 2016.

7. DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR

- 7.1 Heads officials of provincial treasuries are requested to bring the contents of this circular to the attention of accounting officers and accounting authorities of departments and public entities in their respective provinces.
- 7.2 Accounting officers of national departments are requested to bring the contents of this circular to the attention of accounting authorities of Schedule 3A public entities reporting to their respective executive authorities.

8. STATUS OF THIS CIRCULAR

This circular is issued to provide departments, constitutional institutions and Schedule 3A and 3C public entities with information related to implementation of the National Travel and Accommodation Project and does not form part of the financial management regulatory framework, as referred to in Chapter 2 of the revised Treasury Regulations.

9. INFORMATION

Enquiries related to this Circular may be directed to:

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**KENNETH BROWN
CHIEF PROCUREMENT OFFICER
DATE:**