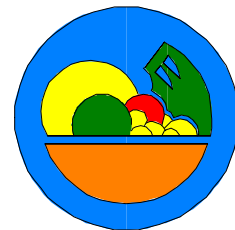




GREATER TZANEEN MUNICIPALITY



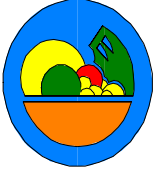
COST CONTAINMENT POLICY

Policy Number:	Approved Date:
Effective Date: 01 July 2025	Review Date: 2025 03 27
Council Resolution: (E/C 2025 03 20; C 2025 03 27)	



GREATER TZANEEN MUNICIPALITY

COST CONTAINMENT POLICY



1. DEFINITIONS

1.1 In this Cost Containment Policy, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, unless the context Indicates otherwise, and:

1.1.1 **Act** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

1.1.2 **catering** means the provisioning of a meal at sit-down and dine "proceedings of Council" (see definitions), but, excludes "refreshments" (see definitions) at "other gatherings of Council" (see definitions);

1.1.3 **consultant** means a professional person, individual, partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist Greater Tzaneen local Municipality to perform its functions to achieve the objects of local government in terms of Section 152 of the Constitution;

1.1.4 **cost containment** means measures implemented to curtail spending in terms of the Cost Containment Regulations and this Policy;

1.1.5 **credit card** means a card issued by a financial services provider, which creates a revolving account and grants a line of credit to the cardholder;

1.1.6 **delegated official** means an official with delegated powers to perform duties assigned to the official by the Municipal Manager;

1.1.7 **other gatherings** mean an assembly or meeting held for a specific purpose;

1.1.8 **personal use** means items or goods that an official or political office bearer does not use for business purposes;

1.1.9 **proceedings of Council** mean an event with a series of activities involving a set of **procedures of council**

1.1.10 **professional purposes** mean, In the case of communication, the execution of required duties through informed decision making and/or recordkeeping;

1.1.11 **refreshments** mean a light snack and/or drink at

1.1.12 **Regulations** means the Municipal Cost Containment Regulations, 2019;

1.1.13 *set procedure of Council* means a predetermined approved agenda of an event with a series of activities;

1.1.14 *social even* means an event with no series of activities Involving a *set procedure of Council* (see definitions); and

1.1.15 *uniforms* means the required protective and/or branded clothing.

2. **OBJECT OF POLICY**

2.1 The object of this Policy, in line with sections 62(1)(a), 78(1)(b), 9S(a) and 105(1)(b) of the Act and the Cost Containment Regulations, is to ensure that resources of Greater Tzaneen local Municipality are used effectively, efficiently and economically by implementing cost containment measures.

3. **APPLICATION OF POLICY**

3.1 This Policy applies to all officials and political office bearers in Greater Tzaneen Municipality.

4. **USE OF CONSULTANTS**

4.1 The Municipal Manager or delegated official may only appoint a consultant If an assessment of the needs and requirements confirms that the Municipality does not have the requisite skills or resources in Its full-time employ to perform the function.

4.2 The Municipal Manager must adopt a fair and reasonable remuneration framework for consultants considering the rates:

4.2.1 Determined In the "Guideline on fees for audits undertaken on behalf of the Auditor-General of South Africa issued by the South African Institute of Chartered Accountants, or

4.2.2 Set out in the "Guide on Hourly Fee Rates for Consultants issued by the Department of Public Service and Administration; or

4.2.3 As prescribed by the body regulating the profession of the consultant.

4.3 The rates tender documentation for the appointment of consultants must include a

clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in paragraph 4.2 above.

- 4.4 When negotiating cost-effective consultancy rates for international consultants, the accounting officer may consider the relevant International and market- determined rates.
- 4.5 When consultants are appointed, an accounting officer must:
- 4.5.1 Appoint consultants on a time and cost basis with specific start and end dates;
 - 4.5.2 Where practical, appoint consultants on an output-specified basis, subject to specific measurable objectives and associated remuneration;
 - 4.5.3 Ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price its inclusive or exclusive of travel and subsistence disbursements;
 - 4.5.4 Ensure the transfer of skills by consultants to the relevant officials of the Municipality;
 - 4.5.5 Undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the Municipality's Supply Chain Management Policy; and
 - 4.5.6 Develop consultancy reduction plans to reduce the reliance on consultants.
- 4.6 All contracts with consultants must include a fee retention or penalty clause for poor performance.
- 4.7 The Municipal Manager or delegated official must ensure that the specifications and performance are used as a monitoring tool for the work to be undertaken and are appropriately recorded and monitored.
- 4.8 The t ravel and subsistence costs of consultants must be in accordance with the national travel policy Issued by the National Department of Transport, as updated from time to time.
- 4.9 The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

5. VEHICLES USED FOR POLITICAL OFFICE BEARERS

- 5.1 The threshold limit for the purchase of a vehicle for official use by the Executive Mayor, will not exceed R700,000 or 7096 (VAT Inclusive) of the total annual remuneration package of the Mayor Municipality, as defined In the Public Office Bearers Act and the notices Issued In terms thereof by the Minister of Cooperative Governance and Traditional Affairs, whichever is lower.

5.2 The procurement of a vehicle for the Executive Mayor must be undertaken using the national government transversal contract mechanism, unless it may be procured at a lower cost through other procurement mechanisms.

5.3 Before deciding to procure a vehicle for the Executive Mayor, the Municipal Manager or delegated official must provide Council with information relating to the following criteria which must be considered:

5.3.1 Status of the current vehicle of the Mayor;

5.3.2 Affordability of options Including whether to procure a vehicle as compared to rental or hire thereof, provided that the most cost-effective option is followed, and the cost is equivalent to or lower than that contemplated in paragraph 5.1 above;

5.3.3 Extent of service delivery backlogs;

5.3.4 Terrain for effective usage of the vehicle; and

5.3.5 Any other policy of council.

5.4 The rental referred to in paragraph 5.3.2 is preferred, the Municipal Manager must review the costs incurred regularly to ensure that value for money is obtained.

5.5 Regardless of the usage, a vehicle for official use by the Mayor may only be replaced after completion of 120,000 kilometers.

5.6 Notwithstanding paragraph 5.5 above, the Municipality may replace the vehicle for official use by the Executive Mayor before the completion of 120,000 kilometers only In an Instances where the vehicle has a serious mechanical problem and Is In a poor condition and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

5.7 The municipal manager must ensure that there Is a policy currently the Fleet Management and User Guide Policy that addresses the use of municipal vehicles for official purposes.

6. TRAVEL AND SUBSISTENCE

6.1 The Municipal Manager In respect of all officials or political office bearers and the Mayor In respect of the Municipal Manager may only approve the purchase of economy class tickets for air travel. Where a flight exceeds 5 hours, business class may be considered, but relevant approval must be sought in advance.

6.2 Travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with the MCCR, 2019 read together

with this Circular. Current arrangements need to be updated and amended to reflect these changes.

- 6.3 Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel.
- 6.4 This Policy limits International travel to meetings or events that are considered critical. The number of officials or political office bearers attending such meetings or events will be limited to those officials or political office bearers directly involved in the subject matter related to such meetings or events.
- 6.5 The Municipal Manager in the case of officials, the Mayor in the case of the Municipal Manager and councilors, and the Council In the case of the Executive Mayor, will approve the officials or councilors who may attend the meetings or events referred to in paragraph 6.2 above.
- 6.6 The Municipal Manager, may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice only:
 - 6.6.1 During peak holiday periods; or
 - 6.6.2 The municipality and municipal entities to only book accommodation where the return trip exceeds 500 kilometres. There may be circumstances that such limitations may be impractical. For example, in instances where attendance is required over several days, or there is a risk to the health of the official or councillor and cost vs benefit considerations can warrant such expenditure.
 - 6.6.3 The council policy must addition the practicalities around travelling in and out from meeting venues each day or the circumstances that pose risk to health of the official or councilor, consistent with the cost containment principles of prudent use of public funds.
 - 6.6.4 The municipal cost containment policy may allow for exceptions in such instances, and approval of the Accounting Officer or delegated official would be required by National Treasury has established maximum allowable rates for domestic accommodation.
- 6.7 An official or a political office bearer of Municipality must:

- 6.7.1 Utilize the municipal fleet, where viable, before incurring costs to hire vehicles;
 - 6.7.2 Make use of available public transport or a shuttle service if the cost of such a service is lower than:
 - 6.7.3 The cost of hiring a vehicle or the cost of kilometers claimable by the official or political office bear
 - 6.7.4 Not hire vehicles from a category higher than Group B or an equivalent class; and
 - 6.7.5 Where a different class of vehicle is required for a terrain or to cater for the special needs of an official, seek the written approval of the Municipal Manager before hiring the vehicle.
- 6.8 Greater Tzaneen local Municipality must utilize the negotiated rates for flights and accommodation as communicated from time to time by the National Treasury through a notice or any other available cheaper flights and accommodation.

7. DOMESTIC ACCOMMODATION

- 7.1 The Municipal Manager must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals as communicated from time to time by the National Treasury through a notice.
- 7.2 The Municipal Manager, or the Executive Mayor in the case of the Municipal Manager, may approve overnight accommodation, where the return trip is less than 500 kilometers, if road or any other conditions could jeopardize the safety of officials and councilors, or if overnight accommodation is cheaper than the traveling expenses payable under the Travelling & Subsistence Policy of Council.

8. CREDIT CARDS

- 8.1 The Municipal Manager must ensure that no credit card or debit card linked to a bank account of Greater Tzaneen local Municipality is issued to any official or political office bearer.
- 8.2 Where officials or political office bearers incur expenditure in relation to official municipal activities, such officials or political officer bearers must use their personal credit cards or cash or arrangements made by the Municipality, and request reimbursement approved by the Municipal Manager or delegated official.

9. SPONSORSHIPS, EVENTS AND CATERING

- 9.1 Municipality may not incur catering expenses for meetings which are only attended by persons in the employ of the Municipality, unless the prior written consent of the Municipal Manager
- 9.2 The Municipal Manager may incur catering expenses for the hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of Council that exceed five hours.
- 9.3 The Municipal Manager In consultation with the Mayor will compile and maintain a schedule of proceedings of Council to be approved by the Municipal Council.
- 9.4 The Municipal Manager In consultation with the Mayor will compile and maintain a schedule of other gatherings of Council to be approved by the Municipal Council.
- 9.5 Entertainment allowances of qualifying officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the Municipal Manager.
- 9.6 Greater Tzaneen local Municipality may not incur expenses on alcoholic beverages unless the Municipality recovers the cost from the sale of such beverages.
- 9.7 The Municipal Manager must ensure that social events, team building exercises, yearend functions, sporting events and budget vote dinners are not financed from the Municipality's budget or by any suppliers or sponsors.
- 9.8 The Municipal Manager may not incur expenditure on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless costs related thereto are recovered from affected officials or is an integral part of the business model.
- 9.9 The Municipal Manager or delegated official may incur expenditure not exceeding the limits for petty cash usage to host farewell functions in recognition of officials who retire after serving the Municipality for ten or more years or retire on grounds of ill health.

10. COMMUNICATION

- 10.1 Greater Tzaneen local Municipality may, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers.
- 10.2. The Municipal Manager must ensure that allowances to officials for private calls and data costs are limited to the amounts as determined in Council's Cellular Telephone Policy.
- 10.3 Newspapers and other related publications for the use of officials and full-time political office bearers must be discontinued on expiry of existing contracts or supply orders; unless, authorized by the Municipal Manager for officials and by the Mayor for fulltime

political office bearers that it is required for professional purposes, or where unavailable in electronic format.

10.4 Greater Tzaneen Municipality may participate in the transversal term contract arranged by the National Treasury for the acquisition of mobile communication services.

11. CONFERENCES, MEETINGS AND STUDY TOURS

11.1 The Municipal Manager must establish policies and procedures to manage applications to attend conferences or events hosted by professional bodies or nongovernmental institutions held within and outside the borders of South Africa taking into account their merits and benefits, costs and available alternatives.

11.2 When considering applications from officials or political office bearers to attend conferences or events within and outside the borders of South Africa, the Municipal Manager or Executive Mayor as the case may be, must take the following into account:

11.2.1 The official's or political office bearer's role and responsibilities and the anticipated benefits of the conference or event;

11.2.2 Whether the conference or event addresses relevant concerns of Greater Tzaneen local Municipality;

11.2.3 The appropriate number of officials or political office bearers, not exceeding three, attending the conference or event; and

11.2.4 The availability of funds to meet expenses related to the conference or event.

11.3 The Municipal Manager may consider appropriate benchmark costs with other professional bodies or regulatory bodies prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.

11.4 The benchmark costs referred to in paragraph 11.3 above, may not exceed an amount as determined from time to time by the National Treasury through a notice.

11.5 The amount referred to in paragraph 11.4 above excludes costs related to travel, accommodation and related expenses, but includes:

11.5.1 Conference or event registration expenses; and

11.5.2 Any other expense Incurred In relation to the conference or event.

11.6 When considering costs for conferences or events these may not include Items such as laptops, tablets and other similar tokens that are built into the price of such conferences or events.

- 11.7 The Municipal Manager must ensure that meetings and planning sessions that entail the use of municipal funds are, as far as may be practically possible, held in-house.
- 11.8 Municipal or provincial office facilities must be utilized for conferences, meetings, strategic planning sessions, inter alia, where an appropriate venue exists within the Municipality's jurisdictional area.
- 11.9 The Municipal Manager must grant the approval for officials, and in the case of political office bearers and the Municipal Manager, the Mayor, as contemplated in paragraph 11.2 above.
- 11.10 Greater Tzaneen local Municipality must, where applicable, take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

12. OTHER RELATED EXPENDITURE ITEMS

- 12.1 All commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.
- 12.2 Municipal resources may not be used to fund elections, campaign activities, Including the provision of food, clothing, printing of agendas and brochures and other Inducements as part of, or during election periods or to fund any activities of any political party at any time.
- 12.3 Expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998.
- 12.4 Greater Tzaneen local Municipality must avoid expenditure on elaborate and expensive office furniture.
- 12.5 Greater Tzaneen local Municipality may only use the services of the South African Police Service to conduct a period or quarterly security threat assessments of political office bearers and key officials and a report must be submitted to the Office of the speaker.
- 12.6 Greater Tzaneen local Municipality may consider providing additional time-off In lieu of payment for overtime worked. Planned overtime must be submitted to the relevant manager reporting directly to the Municipal Manager, for consideration and prior approval on a monthly basis. A motivation for all unplanned overtime (emergency overtime) must be submitted to the relevant manager reporting directly to the Municipal Manager, for approval. The directives of the approved Overtime Policy must be adhered to except where in conflict of this Policy

12.7 The Municipal Manager or where applicable the Mayor, must ensure that due process is followed when suspending or dismissing officials to avoid unnecessary litigation costs.

13. ENFORCEMENT PROCEDURES

13.1 Failure to implement or comply with this Policy and the Regulations may result In any official or political office bearer of the Municipality that authorized or incurred any expenditure contrary to this Policy and the Regulations being held liable for financial misconduct, or a financial offence In the case of political office bearers as defined in Chapter 15 of the Act read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

14. DISCLOSURES OF COST CONTAINMENT MEASURES

14.1 The disclosure of cost containment measures applied by the Municipality must be including the municipal in-year budget reports and annual costs savings disclosed in the annual report.

14.2 The measures Implemented and aggregate amounts saved per quarter, together with the regular reports on implementation of cost savings and on the Implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution. The Municipal Council can refer such reports to an appropriate Council Committee for further recommendations and actions.

15. DELEGATIONS REGISTER

15.1 The Municipal Manager or delegated official must compile and maintain a Delegations Register of all officials that powers are assigned to in terms of this Policy.

16. SHORT TITLE AND COMMENCEMENT

16.1 This Policy Is called the Cost Containment Policy and take effect when approved or reviewed by the Municipal Council.

16.2 This Policy must be reviewed once every financial year together with all budget related policies

Proposed adoption of the Cost Containment Policy 30 October 2019 read together with:

The Local Government: Municipal Cost Containment Regulations (MCCR), were promulgated on 7 June 2019, and came into effect on 1 July 2019. (refer to Annexure A) and MFMA Circular 97