



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

TO: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS

ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULE 2 AND 3 TO THE PFMA

HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY SCM INSTRUCTION NO 6 OF 2016/2017

NATIONAL TRAVEL AND ACCOMMODATION PROJECT IMPLEMENTATION, APPOINTMENT OF TRAVEL MANAGEMENT COMPANIES AND INTERIM ARRANGEMENTS UP TO 31 MARCH 2017

1. PURPOSE

- 1.1. The purpose of this National Treasury SCM Instruction is to inform 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) of the implementation of the National Travel and Accommodation Sourcing Project and the process of appointing travel management companies.
- 1.2. This National Treasury SCM instruction is also aimed at informing accounting officers of the departments, constitutional institutions and accounting authorities of public entities listed in schedule 2 and 3 to the PFMA on the transitional arrangements up to 31 March 2017 prior to the mandatory implementation of the National Travel Policy Framework that will take effect from 1 April 2017.

2. BACKGROUND AND CURRENT STATUS

- 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 2 and 3 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. Due to the economic problem of scarcity that arises across the globe it is imperative for the accounting officers of the departments, constitutional institutions and accounting authorities of the entities listed above to intensify efforts in ensuring that state resources are utilised effectively, efficiently, and economically in line with the prescribed financial management legislation to achieve economic and socially objectives of government.
- 2.3. The South African Government spends close to R10 billion per annum from the National Revenue Fund on travel and subsistence for national and provincial

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departments alone. To reduce the excessive expenditure in the public sector, the National Treasury is reviewing Government's travel and accommodation expenditure to improve transparency in travel behaviour, standardise pricing and pricing models through the issuing of a National Travel Policy Framework, addressing air travel, car hire, transfer services, accommodation and other related travel and subsistence matters in the public sector

- 2.4. 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 management services to be implemented by all departments, constitutional institutions and public entities, listed in Schedules 2 and 3 to the PFMA.
- 2.5. The purpose of the National Travel Sourcing Strategy is to:
 - (a) Issue a National Travel Policy Framework that will provide for a standardised policy direction on how government manages its travel category;
 - (b) Standardise government's engagement with travel management companies by issuing uniform bid documents for departments, constitutional institutions and public entities to utilise when appointing travel management services;
 - (c) Improve management reporting with regards to travel related matters; and
 - (d) Standardise to a uniform remuneration model for travel management companies across government.

3. TRANSITIONAL PERIOD

- 3.1. National Treasury will issue uniform bid documents to national departments, constitutional institutions, public entities and provincial treasuries for the appointment of travel management services. The bid documents will contain:
 - (a) Bid Specifications (Special Conditions, Terms of Reference and Functionality requirements);
 - (b) Pricing model (including guidance on price benchmarking),
 - (c) Draft contract; and
 - (d) Draft Service Level Agreement
- 3.2. The transitional period will be from date of issue of this SCM Instruction to 31 March 2017.
- 3.3. In the transitional period, accounting officers and accounting authorities are required to initiate bidding processes for the appointment of travel management services based on the uniform bid specifications and pricing model. All bidding processes must be finalised before 31 March 2017. The following must be taken into consideration:
 - 3.3.1. Where current contracts with Travel Management Companies are already running on a month-to-month extension, these contracts must be extended until 31 March 2017. New bid processes must be initiated so that the new contracts are implemented by latest 1 April 2017.
 - 3.3.2. Where current contracts with Travel Management Companies expire before 31 March 2017, the new bid processes must be initiated timeously so that the new contracts are implemented by 1 April 2017.

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- 3.3.3. Where contracts with Travel Management Companies expire after 31 March 2017, these contracts must be honoured until its completion. After the expiry of such contracts, departments, constitutional institutions and public entities must implement the national travel and accommodation strategy by issuing their own bids in terms of the uniform terms of reference, functionality requirements and pricing model issued by the National Treasury.
- 3.3.4. Where departments, constitutional institutions and public entities have already issued tenders and are in the process of finalising these tenders for award, it is advised that these aforementioned institutions consult with National Treasury prior to the conclusion of the tender process and the awarding of the contracts.
- 3.4. When departments, constitutional institutions and public entities are extending contracts to 31 March 2017, they are advised to take paragraph 9 of *National Treasury SCM Instruction Note 3 2016/2017* into consideration regarding the extension of contracts.
- 4. SUMMARY OF PROCESS AND TIMELINES FOR THE APPOINTMENT OF TRAVEL MANAGEMENT COMPANIES**
- 4.1. The following reflect the timelines of the process for the appointment of Travel Management Companies by departments, constitutional institutions and public entities:
- (a) National Treasury will co-ordinate a Stakeholder meeting during September 2016 to discuss the uniform bid documents and bid process to be followed.
- (b) National Treasury will provide **draft** bid documents to departments, constitutional institutions and public entities by September 2016 for discussion at the Stakeholder meeting.
- 4.2. National Treasury will send invitations for the stakeholder meeting to departments, constitutional institutions, public entities and provincial treasuries.
- 5. APPLICABILITY**
- This Treasury Instruction is applicable to domestic and international travel and accommodation services and applies to all departments, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.
- 6. DEVIATIONS FROM THIS TREASURY INSTRUCTION**
- 6.1. Requests for deviations from provisions contained in this Treasury Instruction may be considered in terms of section 79 of the PFMA.
- 6.2. Any request for a deviation in terms of section 79 of the PFMA shall only be considered after the Chief Procurement Officer has been consulted on the request and has consented to the deviation.
- 6.3. All requests for deviations from this Treasury Instruction must be forwarded in writing to:

The Director –General
National Treasury
Private Bag X115
PRETORIA
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For attention: The Chief Procurement Officer

7. EFFECTIVE DATE

This National Treasury SCM Instruction takes effect from the date of issue.

8. REPLACEMENT OF NATIONAL TREASURY CIRCULAR NO 1 OF 2016/2017

This National Treasury SCM Instruction replaces *National Treasury Circular No.1 of 2016/2017* dated 2 March 2016.

9. DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION

9.1. Accounting officers of departments and constitutional institutions are requested to bring the contents of this Treasury Instruction to the attention of :

- (a) Chief financial officers; and
- (b) Supply chain management officials of their respective institutions.

9.2. Head Officials of provincial treasuries are requested to bring the contents of this Treasury Instruction to the attention of all accounting officers of departments in their respective provinces.

9.3. Accounting Authorities of public entities listed in Schedule 2 and 3 to the PFMA 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.

10. CONTACT INFORMATION

Enquiries related to this Treasury Instruction may be directed to:

Potso Makgatho

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Telephone: 012 315 5351

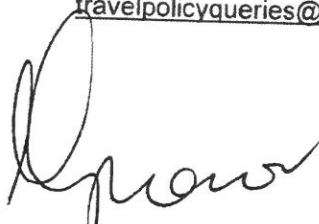
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KENNETH BROWN
CHIEF PROCUREMENT OFFICER

DATE: 20/9/2016.