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**TO: ALL DEPARTMENTS
ALL PUBLIC ENTITIES**

**TREASURY CIRCULAR NO PT (10) OF 2022/23
AMENDED PROVINCIAL COST-CUTTING MEASURES ALIGNED TO NATIONAL TRAVEL
POLICY FRAMEWORK**

In 2016/17, Provincial Treasury issued Treasury Circular No. PT 20 of 2016/17 *Alignment of Provincial Cost-cutting Measures with National Travel Policy Framework*. Since then, National Treasury has issued two updated Instruction Notes, namely Instruction No. 6 of 2022/23: *National Travel Framework* (Annexure 1) and Instruction No. 7 of 2022/23: *Cost Containment Measures Related to Travel and Subsistence* (Annexure 2). National Treasury Instruction No. 7 also includes annexures on the maximum allowable rates for domestic accommodation and meals, as well as the groups and relevant codes for car rentals.

Due to the KwaZulu-Natal provincial budget having seen numerous significant budget cuts over the past few years, with further severe fiscal consolidation budget cuts imposed against the province by National Treasury over the 2021/22 MTEF (with carry-through), there are instances where the provincial cost-cutting measures will be more stringent than those imposed by National Treasury. The baseline cuts deepen from 2023/24 onward and, as such, it is extremely important that departments and public entities continue to monitor their spending patterns and focus their expenditure on core service delivery areas.

This circular provides clarity on the provincial cost-cutting measures in the context of the new instructions issued by National Treasury. All departments and public entities must familiarise themselves with the contents of the National Treasury instructions.

In terms of Provincial Treasury Circular No. 5 of 2022/23 which contains all the provincial cost-cutting measures, this instruction note provides the cost-cutting measures updates relating to travel, with the additions/ alignment highlighted in bold:

Travelling related:

1. S&T – only essential trips to be undertaken. **This remains unchanged.**
2. Monthly mileage restrictions to be adhered to and officials to use one hired car for meetings outside KZN (synergy between departments and public entities attending same meetings). Kilometre controls to be implemented on travelling (limited/not to exceed 2 500 kilometres per month per official unless there are exceptional circumstances – exceptions to be approved by the HOD). **National Treasury Instruction No. 7 reiterates that, where more than one official/ traveller is attending the same event or meeting, they must coordinate the renting of cars and shuttle services in order to reduce cost. This provision also applies to SMS officials and MMS officials that have structured for a vehicle allowance. This provision is not applicable to Accounting Officers/ Director-Generals or persons holding equivalent ranks in departments; DDGs; CEOs of public entities; Members of Boards of public entities; among others.**



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3. Responsibility managers to ensure co-ordinated travel to reduce costs, and officials to travel together unless absolutely unavoidable. **This remains unchanged.**
4. Meetings and workshops to be held where the majority of the officials reside/work (50 per cent). **This remains unchanged.**
5. Meetings need to start at a reasonable time to reduce the need to sleepover. Over-night accommodation, where required, needs to be cost-effective. Departments and public entities need to determine the most economical option when considering stay-overs vs commuting. **Clarity is provided in National Treasury Instruction No. 7 of 2022/23 that overnight accommodation is to be permitted for officials where the distance travelled exceeds 300kms on a return journey (150kms each way); the meeting/ conference or workshop is held over a number of days and the event finishes after hours (in this latter instance, this relates to where the meeting/ event/ workshop is at least 150kms from the officials' place of employment).**
6. Assessment to be done between road travel to end destination vs distance to airport (e.g. cheaper for a person from Newcastle to travel to Jhb by road than to drive to Durban to take flight to Jhb). **This remains unchanged.**
7. Departments and public entities to plan meetings carefully and rationalise the number of meetings held (it seems that staff from regions/districts are sometimes called to head office meetings organised by different units on various different days, requiring them to travel to and from the regions/districts frequently. These meetings must be co-ordinated and planned between the various units to reduce the wastage of time and money). **Virtual meetings should be undertaken where possible.**
8. Where there are one-day meetings in other provinces, officials to travel there and back on the same day (where possible). **This remains unchanged.**
9. Overseas trips to be rationalised with the number of delegates being kept to a minimum. Submissions seeking Provincial Treasury approval must reach Provincial Treasury at least 7 days before the planned travel. The submission must include quotations for all items. Annual trips need to be planned in advance to take advantage of travel discounts. **The National Treasury instructions provide further direction in this regard and this is detailed in paragraphs 14 - 21 below.**
10. The ministerial handbook issued in 2022 states that Ministers and their partners must travel economy class for all official domestic travel, as well as international travel where the travel time is less than two hours. As such, the provincial cost-cutting measures were updated to state that HODs, CEOs and Chairpersons of Boards should also travel economy class for all official domestic flights, as well as international flights where the travel time is less than five hours. **The National Treasury instruction note reiterates that for all domestic travel and travel to neighbouring countries where the flight duration is less than 5 hours, ALL LEVELS OF OFFICIALS MUST TRAVEL ECONOMY CLASS. This is further elaborated on in paragraphs 14 – 18 below.**
11. Where a medical certificate is provided as motivation to support why an official cannot travel economy class, such medical certificate must have been issued within a year of the particular trip to be undertaken. Provincial Treasury reserves the right to request for medical certificates/medical conditions to be verified/confirmed by an independent medical practitioner in a government institution to be designated by the Department of Health. **This remains unchanged and is elaborated on in paragraph 16 below.**
12. It has been noted that governmental officials have been requesting specific airlines for air travel instead of using the most cost-effective flight. The most direct and cheapest flight needs to be quoted and used for both domestic and international travel. **The National Treasury instructions indicates that travellers must impartially consider the rates and fares**



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available. Travel bookings must not be based on personal preferences for a particular travel service provider, access to lounges or the accumulation of reward and loyalty points. Travel bookers must compare the best rate of the day of various airlines, accommodation establishments and car rentals before confirming the booking, maintaining the principle of competitiveness and cost effectiveness. Bookings must be made using government negotiated corporate rates and fares where applicable. In cases where the trip includes both air and land arrangements, the most cost-effective mode and combination thereof must be selected.

13. Hotel bookings need to be booked closest to the conference as far as possible and must adhere to the travel policy guidelines on what grade each traveller can book. This could then also assist to alleviate the requirement for chauffeur services if the hotel is within easy walking distance of the conference or meeting. Suites are only to be booked for MECs if meetings or interviews are being conducted in those suites, as per the Ministerial Handbook and proof thereof must be provided. No presidential suites to be booked. **Instances where accommodation is permitted are detailed under item 5 of this circular. The National Treasury Instruction No. 7 of 2022/23 concurs that the accommodation selected must be as close as possible to the place of duty and the lowest rate must be chosen. Presidential suites and executive suites are not permitted for officials. Domestic accommodation must not exceed the maximum allowable rates, with any exceptions to be approved by the Accounting Officer or Accounting Authority. Higher rates may only be approved as stipulated in paragraph 5.4.5 of National Treasury Instruction No. 7 of 2022/23. The applicable rates are contained in an Annexure to National Treasury Instruction No. 6. This is further elaborated on in paragraphs 19 (international accommodation) and 23 – 27 (domestic accommodation) of this circular.**

In addition to making amendments to the travelling related cost-cutting measures that were contained in Provincial Treasury Circular No. 5 of 2022/23, the National Travel Policy Framework recently issued by National Treasury also has an impact in terms of the direction the province gave to all departments and public entities when Treasury Circular No. PT 20 of 2016/17 *Alignment of Provincial Cost-cutting Measures with National Travel Policy Framework* was issued. The paragraphs below are extracts from the circular issued in 2016/17 and this circular provides updates to these, as required by the newly issued National Travel Policy Framework.

International travelling related:

Provincial Treasury previously issued a cost-cutting circular related to international travel. The sections below indicate the cost-cutting measures related to international travel, and these are updated with the National Treasury instructions:

14. All international trips are to be submitted to the Provincial Executive Council for approval if such trips will have policy implications. For other international trips that relate to the day-to-day activities of departments and public entities, the approval of the Premier must be sought where a MEC is embarking on the trip. Where officials are embarking on the trip, the respective MECs must approve the trip. **This remains unchanged.**
15. In all instances where international trips are undertaken, it is a requirement that the full details of the trip (including flights, accommodation, number of delegates, names of delegates, conference fees and any other expenses) be submitted to Provincial Treasury. The submission must also justify why the trip is viewed as essential. **This remains unchanged.**
16. National Treasury Instruction No. 7 of 2022/23 stipulates that for all international flights where the duration of the flight is 5 hours or less, the booking must be made in economy class. Flights greater than 5 hours may be in business class for some categories. Where business class is required for any other official, this must be approved by Provincial Treasury. Business class will only be considered for travellers with disabilities (the nature of disability is described



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in the National Treasury instruction's footnote); for travellers with special needs based on medical grounds (the nature of special need is described in the National Treasury instruction's footnote) or where the business class ticket is the same price or cheaper than an economy class flight. **In KwaZulu-Natal, the provision remains intact that it will be economy class for MECs and all officials for domestic flights and for international flights shorter than 5 hours. For international flights greater than 5 hours, this is only permitted for MECs, DG, HODs, CEOs of public entities and Chairpersons of Boards, while all other officials and members of Boards must fly economy class. As before, support staff who support MECs may not travel in business class. This includes Chief of Staff, Administrative secretary, Media Liaison Officer, Parliamentary Officer, Private secretary, Driver, VIP protection unit, among others. Any exceptions, including those based on medical grounds, to be approved by Provincial Treasury with compelling motivation provided. Please also note item 10 of this circular as it is applicable to both domestic and international flights. In cases where economy flights are not available, business class flights may only be booked with the approval of Provincial Treasury, and evidence must be provided that there were no economy class tickets available. While the National Treasury instruction indicates that the Accounting Officer or Accounting Authority may approve business class travel in all these instances, in this province, such approval must be sought from Provincial Treasury.**

17. National Treasury Instruction No. 6 of 2022/23 indicates that comparison of more expensive direct flights from the major airports versus cheaper indirect flights should always be undertaken. When choosing a flight, consideration should also be given to the traveller's ability to function optimally when arriving at their destination especially when travelling across time zones. **In KwaZulu-Natal, the department will have to motivate and provide reasons for requiring the more expensive flight and this must be submitted to Provincial Treasury when requesting authority for the costing of the international trip.**
18. National Treasury Instruction No. 6 of 2022/23 indicates that where changes to flights are requested by the traveller for their convenience or due to their lack of discipline, the additional costs incurred will be for the traveller's personal account. Where this amount is not settled immediately, the institution will cover the initial cost and the traveller, if found liable, will have to have the amount recovered from them. **This is also applicable in this province.**
19. The National Treasury instructions are silent about the grading of international accommodation. **In KwaZulu-Natal, the star grading for international accommodation is that no 5-star accommodation is permissible, but that 4-star graded accommodation is permitted. No executive suites or presidential suites are permitted for all levels of officials, while executive suites are permitted for MECs but only where meetings or interviews are being conducted in those suites, as per the Ministerial Handbook and proof thereof must be provided. Provincial Treasury will consider any exceptions to this rule in instances where it is convenient to stay at a higher graded accommodation facility, for example if the conference is being held at that facility. This will have to be motivated for.**
20. In terms of ground transport, travellers must select the mode of transport that is the most cost-effective and practical, taking into account the cost of the selected mode and the time consumed. **In KwaZulu-Natal, this practise has always been encouraged. In this regard, 24-hour chauffeur services are discouraged and will only be considered if well motivated and showing that other options were explored.**
21. Departments need to provide evidence that the official has liaised with the Department of International Relations and Corporation (DIRCO) if it is official international business and the province is representing the country, such as with climate change conferences. DIRCO also



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has facilities where official delegations can stay over in the embassy/consulate, as well as provide ground transport. **This remains unchanged.**

Other matters highlighted from National Treasury Instruction Notes:

22. National Treasury Instruction No. 6 of 2022/23 indicates that air travel should only be undertaken after remote communication tools, such as teleconferencing and video conferencing have been considered. **This is also applicable in this province.**
23. When choosing accommodation, for domestic accommodation the parameters set out in point no. 5 of this circular must be applied. The domestic accommodation selected must not exceed the maximum allowable rates permitted by National Treasury. Any exceptions to this rule must be approved by the Accounting Officer/ Accounting Authority after having been appropriately motivated. Paragraph 5.4.5 of National Treasury Instruction No. 7 provides instances where maximum allowable rates may be approved. **This is in line with current practise in KwaZulu-Natal.**
24. Accommodation should only be booked in facilities that have been graded by the South African Tourism Grading Council. Only in exceptional circumstances may establishments which are not graded be utilised. The standard class of domestic accommodation is a **3-star** establishment or equivalent, unless approved otherwise by the Accounting Officer/ Accounting Authority. **This is in line with the current practise in KwaZulu-Natal.**
25. Expense claims for meals may not be paid to the traveller if meals are already included in the accommodation rate or conference fee. **This is in line with the current practise in KwaZulu-Natal.**
26. 5-star domestic accommodation is not permitted for any level (whereas this was previously permitted for MECs and DGs/ HODs in KwaZulu-Natal). Instead, 4-star domestic accommodation is permitted for MECs and DGs/ HODs. **In KwaZulu-Natal, 4-star domestic accommodation is permitted for MECs, DGs/ HODs, DDGs, CEOs and Chairpersons of Boards with all other officials staying in 3-star establishments, unless approved otherwise by the Accounting Officer/ Accounting Authority.**
27. A higher star graded establishment may be booked where the higher graded establishment cost is equal or lower than the lower graded establishment and within the maximum allowable rates; where the higher graded establishment is the only available option due to location and availability; the institution has negotiated lower rates with the higher graded establishment and these are within the maximum allowable rates; and the principle of cost effectiveness holds true. **In KwaZulu-Natal, this is agreed with and the deviation from the approved grading must be approved by the Accounting Officer/ Accounting Authority.**
28. In terms of car rentals, National Treasury Instruction No. 6 of 2022/23 indicates that the general type of vehicle to be booked is a Group B “mini, economy or compact” and there is an Annexure attached to the Instruction that provides the codes for the different vehicles and for the different car rental companies. DGs, HODs, CEOs of public entities and Chairs of Boards of public entities may use a higher class of vehicle categorised as “intermediate, standard, premium or luxury.” The Instruction also provides instances where exceptions can be made, for example where an automatic vehicle is required for a disabled person, or where restrictions are noted on an official’s driver’s licence. **This was largely already the practise in KwaZulu-Natal, though the lower class of vehicle is now applicable from DDG and below, whereas it was previously Chief Director and below. The Instruction also allows for exceptions and for a higher class vehicle to be hired for example where three or more travellers are travelling together, the return journey in the hired vehicle exceeds 400kms to and from the destination; special needs based on medical grounds, extra**



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luggage to be accommodated; transporting more than 16 passengers and transporting foreign dignitaries. There are also exceptions where the terrain to be travelled on requires a different type of vehicle. A higher grade vehicle may also be accepted where a free upgrade is offered. Such a free upgrade may not be demanded.

The National Treasury Instructions No. 6 and 7 come into effect from 1 September 2022 and all departments and public entities should familiarise themselves with their content. Please also take note of the alignment of the provincial cost-cutting measures to the National Treasury Instructions and note that, in some instances, the provincial cost-cutting measures are stricter. As explained, this is because the significant budget cuts over the past few years have necessitated a greater need for reining in spending on operational expenditure items as far as possible, so that the expenditure on provincial service delivery can be maximised.

This circular should be read together with Treasury Circular No. 5 of 2022/23: *Issuing of updated cost-cutting measures*. This circular repeals Treasury Circular No. 20 of 2016/17: *Alignment of Provincial Cost-cutting Measures with National Travel Policy Framework* issued on 23 June 2016.

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