PIXLEY KA SEME

DISTRICT MUNICIPALITY

COST CONTAINMENT POLICY

PIXLEY KA SEME DISTRICT MUNICIPAL COST CONTAINMENT POLICY

Adoption : 26 March 2026
Review : 23 March 2026

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1. DEFINITIONS

In this policy, unless the content indicates otherwise, and-

"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 the municipality to achieve its objectives of local government in terms of section 152 of the Constitution.

"cost containment" means measures implemented to curtail spending in terms of this policy.

"municipality" means Pixley Ka Seme District Municipality.

2. PURPOSE

The purpose of the policy is to regulate spending and to implement cost containment measures at Pixley Ka Seme District Municipality and give effect to the Municipal Cost Containment Regulations of 2019.

3. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

(a) ensure that the resources of the municipality are used effectively, efficiently and economically;
(b) to implement cost containment measures.

4. SCOPE OF THE POLICY

The policy will apply to all:

(a) Councillors; and
(b) Municipal employees.

5. LEGISLATIVE FRAMEWORK

This policy must be read in conjunction with the-

(a) Municipal Finance Management Act;
(b) Municipal Cost Containment Regulations, 2019 and
(c) Travel and Subsistence policy.

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6. POLICY PRINCIPLES

This policy will apply to the procurement of the following goods and/or services:

(a) Use of consultants
(b) Vehicles used for political office-bearers
(c) Travel and subsistence
(d) Domestic accommodation
(e) Credit cards
(f) Sponsorships, events and catering
(g) Communication
(h) Conferences, meetings and study tours
(i) Any other related expenditure items

7. USE OF CONSULTANTS

(1) The municipality may only appoint consultants 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.

(2) When consultants are appointed, the following should be included in the Service Level Agreements:

   (a) Consultants should be appointed on a time and cost basis with specific start and end dates'

   (b) Consultants should be appointed on an output-specific basis, subject to specific measurable objectives and associated remuneration;

   (c) Ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;

   (d) Ensure the transfer of skills by consultants to the relevant officials of the municipality;

   (e) Undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality's supply chain management policy; and

   (f) Develop consultancy reduction plans to reduce the reliance on consultants.

(3) All contracts with consultants must include a fee retention or penalty clause for poor performance.

(4) The municipality 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) 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.

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8. VEHICLES USED FOR POLITICAL OFFICE-BEARERS

(1) The threshold limit for vehicle purchases relating to official use by political office-bearers must not exceed R700 000 or 70% (VAT inclusive) of the total annual remuneration package for the different grades of municipalities, whichever is the lower.

(2) The procurement of vehicles must be undertaken using the national government transversal mechanism, unless it may be procured at a lower cost through other procurement mechanisms.

(3) Before deciding on another procurement process as in (2), the accounting officer or delegated official, must provide the council with information relating to the following criteria which must be considered:

- i) status of current vehicles;
- ii) 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 sub-regulation (1);
- iii) extent of service delivery backlogs;
- iv) terrain for effective usage of the vehicle; and
- v) any other policy of council.

(4) Regardless of their usage, vehicles for official use by political office bearers may only be replaced after completion of 120 000 kilometres.

(5) Notwithstanding sub-regulation (4), the municipality may replace a vehicle for official use by political office bearers before the completion of 120 000km only in 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

9. TRAVEL AND SUBSISTANCE

1. An accounting officer-
   (a) may approve the purchase of economy class tickets for all officials or political office bearers where the flying time for the flights is five hours or less; and
   (b) may only approve the purchase of business class tickets for officials, political office bearers and persons reporting directly to the accounting officer for flights exceeding five hours.
2. Notwithstanding clause (1), the accounting officer may approve the purchase of business class tickets for officials with disabilities.
3. International travel to meetings or events will only be approved if it is considered critical to attend the meeting or event, and only the officials that are directly involved with the subject matter will be allowed to attend the meeting or event.
4. Officials of the municipality must:

(a) utilised the municipal fleet, where viable, before incurring costs to hire vehicles;
(b) make use of available public transport or a shuttle service if the costs of such a service is lower than-
   i) the cost of hiring a vehicle;
   ii) the cost of kilometres claimable by the official; and
   iii) the cost of parking
(c) not hire vehicles from a category higher than Group B; and
(d) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.

5. The municipality must utilise 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 flight and accommodation.
6. If officials (who do not receive a vehicle allowance) are to use their private vehicles, due to the unavailability of the white fleet, they are to be reimburse against the applicable tariffs as set by the Department of Transport for that specific timeframe.

10. DOMESTIC ACCOMMODATION

(a) The accounting officer 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 by National Treasury, from time to time, and the travel and subsistence policy of the municipality.

11. CREDIT CARDS

(1) The accounting officer must ensure that no credit cards or debit cards linked to a bank account of the municipality is issued to any official or political office bearer.
(2) Where officials or political office bearers incur expenditure in relation to official municipal activities, such officials and political office bearers must use their personal cards or cash, and will request reimbursement from the municipality in terms of the travel and subsistence policy of the municipality.

12. SPONSORSHIP, EVENTS AND CATERING

(1) The municipality may not incur catering expenses for meetings that are only attended by persons in the employ of the municipality, unless prior written approval is obtained from the accounting officer.

(2) The accounting officer may incur catering expenses for the hosting of meetings, conferences, workshops, courses, forums recruitment interviews and proceedings of council that exceed five hours.
(3) The municipality may not incur expenses on alcoholic beverages unless the municipality recovers the cost from the sale of such beverages.
(4) The accounting officer must ensure that social events, team building exercises, year-end functions, sporting events and budget vote dinners are not financed from the municipality's budget or by any suppliers or sponsors.
(5) The municipality may not incur expenditure on corporate 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.

13. COMMUNICATION

(1) The Municipality may, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers.
(2) The accounting officer must ensure that allowances for officials for private calls and data costs are limited to an amount as determined by the accounting officer.

14. CONFERENCES, MEETINGS AND STUDY TOURS

(1) Appropriate benchmark costs must be considered prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.
(2) When considering applications from officials or political office bearers to attend conferences or events within and outside the borders of South Africa, the accounting officer or mayor as the case may be, must take the following into account-
   (a) the official's or political office bearer's role and responsibilities and the anticipated benefits of the conference or event;
   (b) whether the conference or event addresses relevant concerns of the institution;
   (c) the appropriate number of officials or political office bearers, not exceeding three, attending the conference or event; and
   (d) the availability of funds to meet expenses related to the conference or event.
(3) The benchmark costs referred to in sub-regulation (1), may not exceed an amount as determined from time to time by the National Treasury through a notice.
(4) The amount referred to in sub-regulation (3) excludes costs related to travel, accommodation and related expenses, but includes-
   (a) conference or event registration expenses; and

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(b) any other expenses incurred in relation to the conference or event.

(5) 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.

(6) The accounting officer 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.

(7) Municipal offices must be utilised for conference, meetings and strategic planning sessions where an appropriate venue exists within the municipal jurisdiction.

(8) The municipality, where applicable, take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

15. OTHER RELATED EXPENDITURE ITEMS

(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.

(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.

(3) The municipality must avoid expenditure on elaborate and expensive office furniture.

(4) The municipality may consider providing additional time-off in lieu of payment for overtime worked. Planned overtime must be submitted to the relevant manager for consideration

(5) The municipality must ensure that due process is followed when suspending or dismissing officials to avoid unnecessary litigation costs

16. ENFORCEMENT PROCEDURES

Failure to implement or comply with this policy may result in any official or political office bearer that authorised or incurred any expenditure contrary to those stipulated in this policy, 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.

17. DISCLOSURE OF COST CONTAINMENT MEASURES

(1) The disclosure of cost containment measures applied by the municipality must be included in the municipal in-year budget reports and annual costs savings disclosure in the annual report.

(2) The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritisation 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.

(3) Such reports must be copied to the National Treasury and relevant provincial treasuries within seven calendar days after the report is submitted to municipal council.

18. IMPLEMENTATION AND REVIEW PROCESS

1) This policy will be reviewed at leased annually or when required by way of a council resolution, or when an update is issued by National Treasury.

19. SHORT TITLE AND COMMENCEMENT

This policy shall be called the **Cost Containment Policy.**

This Policy takes effect on **01 July 2026.**

EXECUTIVE MAYOR :

DATE POLICY REVIEWED : **23 MARCH 2026**

DATE POLICY APPROVED: **26 MAY 2026**

RESOLUTION : **R 2026-05-28 (19.3)**