

## SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE

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<b>POLICY TITLE</b>	<b>COST CONTAINMENT POLICY</b>
<b>DATE OF APPROVAL</b>	<b>22 May 2025</b>
<b>REVIEW DATES</b>	

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## 1. DEFINITIONS

**“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”** the measures implemented to curtail spending in terms of this policy.

**“agency or SCTIE”** South Coast Tourism & Investment Enterprise

## 2. PURPOSE

The purpose of this policy is to regulate spending and to implement cost containment measures at the South Coast Tourism & Investment Enterprise.

## 3. THE OBJECTIVES OF THE POLICY

The objectives of the policy are to:

- 3.1 ensure that the resources of the agency are utilised effectively and efficiently;
- 3.2 implement cost containment measures

## 4. SCOPE OF THE POLICY

This policy will apply to

- 4.1 Board Members; and
- 4.2 Agency Employees

## 5. LEGISLATIVE FRAMEWORK

This policy must be read in conjunction with, but not limited to: -

- 5.1 The Municipal Finance Management Act, Treasury Circular No. 82 published on December 7, 2016;
- 5.2 Municipal Cost Containment Regulations, 2018;
- 5.3 SCTIE Subsistence and Travel Policy; and
- 5.4 SCTIE Supply Chain Management Policy.

## 6. PRINCIPLES OF THE POLICY

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

- a) Use of consultants
- b) Subsistence and Travel
- c) Domestic Accommodation
- d) Credit Cards
- e) Sponsorships, events and catering
- f) Communication
- g) Conferences, meetings, and study tours
- h) Any other related expenditure items

### 7. USE OF CONSULTANTS

- 7.1 Consultants may only be appointed after an assessment of the needs and requirements has been conducted to support the requirement for the use of consultant;
- 7.2 The assessment referred to in 7.1 must confirm that the agency does not have requisite skills or resources in its full time employ to perform the function that the consultant will carry out.
- 7.3 When consultants are appointed the following should be included in the Service Level Agreements:
- i) Consultants should be appointed on a time and cost basis that has specific start and end dates;
  - j) Consultants should be appointed on an output-specific, specifying deliverables and the associated remuneration;
  - k) Ensure that cost ceilings are included to specify the contract price as well travel and subsistence disbursements and whether the contract price is inclusive or exclusive of travel and subsistence; and
  - l) All engagements with consultants should be undertaken in accordance with the agency's supply chain management policy.
- 7.4 Consultancy reduction plans should be developed.
- 7.5 All engagements with consultants should be undertaken in accordance with the agency's supply chain management policy.
- 7.6 The specifications and performance of the service provider must be used as a monitoring tool for the work that is to be undertaken and performance must be appropriately recorded and monitored.

### 8. SUBSISTENCE AND TRAVEL

- 8.1 An accounting officer:
- a) May only approve the purchase of economy class tickets for board members and officials where the flying time for a flight is five (5) hours or less; and
  - b) For flights that exceed five (5) hours of flying time, may purchase business class tickets only for accounting officers, and persons reporting directly to accounting officers.
- 8.2 Notwithstanding 8.1, an accounting officer may approve the purchase business class tickets for officials and board members with disabilities.
- 8.3 International travel to meetings or events will only be approved if it is considered critical to attend the meeting or event, and only the board members officials that are directly involved with the subject matter will be allowed to attend the meeting or event.
- 8.4 Officials of the entity must:
- a) Utilise their vehicles in cases where they receive, as part of their remuneration a car or travel allowance;
  - b) Utilize the agency fleet, where it is viable, before incurring costs to hire vehicles;
  - c) Make use of a shuttle service if the cost of such a service provider is lower than:
    - the cost of hiring a vehicle;
    - the cost of kilometers claimable by the employee; and
    - the cost of parking.
  - d) not hire vehicles from a category higher than Group B; and
  - e) 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.
- 8.5 The agency must use the negotiated rates for flights and accommodation as

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communicated by National Treasury, from time to time, or any other cheaper flight or accommodation that is available.

### **9. DOMESTIC ACCOMMODATION**

- 9.1 An 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 agency.

### **10. CREDIT CARDS**

- 10.1 An accounting officer must ensure that no credit card or debit card linked to a bank account of the entity is issued to any official or board member.
- 10.2 Where officials or board members incur expenditure in relation to official agency activities, such officials and board members must use their personal credit cards or cash, and will request reimbursement from the entity in terms of the travel and subsistence policy and petty cash policy.

### **11. SPONSORSHIPS, EVENTS AND CATERING**

- 11.1 The agency may not incur catering expenses for meetings that are only attended by persons in the employ of the agency, unless prior written approval is obtained from the accounting officer.
- 11.2 Catering expenses may be incurred by the accounting officer for the following, if they exceed five (5) hours:
- a) Hosting of meetings;
  - b) Conferences;
  - c) Workshops;
  - d) Courses;
  - e) Forums;
  - f) Recruitment Interviews; and
  - g) Board or Sub-Committee Meetings
- 11.3 Entertainment allowances for qualifying officials may not exceed two thousand rand (R2 000,00) per person per financial year, unless otherwise approved by the accounting officer.
- 11.4 Expenses may not be incurred on alcoholic beverages.
- 11.5 Social functions, team building exercises, year-end functions, sporting events, budget speech dinners and other functions that have a social element must not be financed from the agency's budget.
- 11.6 Expenditure may not be incurred on corporate branded items like clothing or goods for personal use of officials or board members, other than uniforms, clothing that forms part of marketing material, office supplies and tools of trade, unless the costs thereto are recovered from the affected officials.
- 11.7 Expenditure may be incurred to host farewell functions in recognition of officials who retire after serving the agency for ten (10) or more years, or retire on grounds of ill health, the expenditure should not exceed the limits of the petty cash usage as per the petty cash policy of the agency.

### 12. COMMUNICATION

- 12.1 All agency related events must, as far as possible, be advertised on the agency's website, instead of advertising in magazines or newspapers.
- 12.2 Publications such as internal newsletters must be designed internally and be published quarterly in an electronic media format and on the agency website/intranet.
- 12.3 Newspapers and other related publications for the use of officials must not be procured.
- 12.4 The acquisition of mobile communication services must be done by using the transversal term contracts that have been arranged by the National Treasury. Alternative methods of acquisition may be used where it can be demonstrated that doing so will be more cost effective.
- 12.5 Allowances for officials for private calls is limited to amounts determined by the accounting officer per official.
- 12.6 Provision of diaries be limited to secretaries and electronic diaries be kept by all other officials.

### 13. CONFERENCES, MEETINGS AND STUDY TOURS

- 13.1 Appropriate benchmark costs must be considered prior to granting approval for an official or board member to attend a conference or event within and outside the borders of South Africa.
- 13.2 The benchmark costs may not exceed an amount determined by National Treasury.
- 13.3 When considering applications from officials to conferences or events within and outside the borders of South Africa, the accounting officer must take the following into account:
  - a) The official's role and responsibilities and the anticipated benefits of the conference or event;
  - b) Whether the conference or event will address the relevant concerns of the agency;
  - c) The appropriate number of officials to attend the conference or event, not exceeding three officials; and
  - d) Availability of funds to meet expenses related to the conference or event.
- 13.4 The amount referred to in 13.2 above excludes costs related to travel, accommodation and related expenses, but includes:
  - a) Conference or event registration expenses; and
  - b) Any other expense incurred in relation to the conference or event.
- 13.5 When considering the cost for conferences or events the following items must be excluded, laptops, tablets and other similar tokens that are built into the price of such conferences or events.
- 13.6 Attendance of conferences will be limited to one (1) per annum with a maximum of two (2) delegates. A motivation for any attendance beyond the one must be approved by the accounting officer.
- 13.7 Meetings and planning sessions that entail the use of entity funds must, as far as practically possible, be held in-house
- 13.8 Agency offices and facilities must be utilized for conferences, meetings and strategic planning sessions where an appropriate venue exists. Where the agency does not have the appropriate facilities, the sessions must be held within the municipal jurisdiction.

- 13.9 The agency must take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

### **14. OTHER RELATED ITEMS OF EXPENDITURE**

- 14.1 All commodities, services and products covered by a transversal contract by the National Treasury must be procured through that transversal contract before approaching the market, in order to benefit from savings and lower prices or rates that have already been negotiated.
- 14.2 Agency resources may not be used to fund elections, campaign activities, including the provision of food, clothing and other inducements as part of, or during the election periods.

### **15. ENFORCEMENT PROCEDURES**

- 15.1 Failure to implement or comply with this policy may result in any official of the entity that has authorized or incurred any expenditure contrary to those stipulated herein being held liable for financial misconduct as set out in Chapter 15 of the MFMA.
- 15.2 Where the financial position of the agency is such that obligations cannot be met, the Chief Executive Officer, must present to the board an action plan on how the situation will be turned around, and where possible, indicate the prioritisation on the settlement of costs incurred.

### **16. DISCLOSURES OF COST CONTAINMENT MEASURES**

- 16.1 Cost containment measures applied by the agency must be included in the agency in-year budget report and annual cost savings must be disclosed in the annual report.
- 16.2 The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritization of cost savings, on the implementation of the cost containment measures must be submitted to the board for review and resolution. The board can refer such reports to an appropriate sub-committee for further recommendations and actions.

### **17. IMPLEMENTATION AND REVIEW PROCESS**

- 17.1 This policy will be reviewed at least annually or when required by way of a board resolution, or when an update is issued by National Treasury.

### **18. CONSEQUENCES FOR NON-ADHERENCE TO THE COST CONTAINMENT MEASURES**


- 18.1 Any person must report an allegation of non-compliance to the cost containment policy to the accounting officer of the agency.
- 18.2 The accounting officer must investigate the allegations and if frivolous, speculative or unfounded, terminate the investigations.
- 18.3 If the accounting officer determines the allegations are founded, a full investigation must be conducted by the disciplinary committee.
- 18.4 After completion of a full investigation, the disciplinary committee must compile a report on the investigations and submit a report to the accounting officer on:
- Findings and recommendations; and/or
  - Whether disciplinary steps should be taken against the alleged transgressor.

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- 18.5 The accounting officer must table the report with recommendations to the board.
- 18.6 Subject to the outcome of the board decision the accounting officer must implement the recommendations.

**19. APPROVED BY**

NAME	SIGNATURE	DESIGNATION	DATE
Sandile Dlomo		CHAIRPERSON	22.05.2025