



DRAKENSTEIN

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Paarl | Wellington | Gouda | Saron | Simondium

Cost Containment Policy

Date of Approval/Review by Council

31 May 2021

Implementation Date

1 July 2021

Signed by City Manager

Signature Date

1 July 2021

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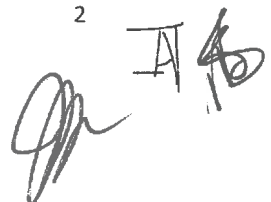
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1. DEFINITIONS

- 1.1 In this Cost Containment Policy (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 Drakenstein 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 City Manager;
- 1.1.7 **"other gatherings of Council"** means 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"** means an event with a series of activities involving a **"set procedure of Council"** (see definitions);
- 1.1.10 **"professional purposes"** means, in the case of communication, the execution of required duties through informed decision making and/or recordkeeping;
- 1.1.11 **"refreshments"** means a light snack and/or drink at **"other gatherings of Council"** (see definitions);



- 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 event"** 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), 95(a) and 105(1)(b) of the Act and the Cost Containment Regulations, is to ensure that resources of Drakenstein 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 Drakenstein Municipality.

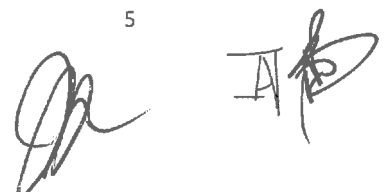
4. USE OF CONSULTANTS

- 4.1 The City 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 City Manager must adopt a fair and reasonable remuneration framework for consultants taking into account 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;
- 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 take into account 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 is 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 City 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 travel 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 70% (VAT inclusive) of the total annual remuneration package of the Executive Mayor of Drakenstein 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 City 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 Executive 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 If the rental referred to in paragraph 5.3.2 is preferred, the City 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 Executive Mayor may only be replaced after completion of 120,000 kilometres.
- 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 kilometres 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 City 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 City Manager in respect of all officials or political office bearers and the Executive Mayor in respect of the City Manager may only approve the purchase of economy class tickets for air travel.

6.2 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.

6.3 The City Manager in the case of officials, the Executive Mayor in the case of the City Manager and councillors, and the Council in the case of the Executive Mayor, will approve the officials or councillors who may attend the meetings or events referred to in paragraph 6.2 above.

6.4 The City Manager, or the Executive Mayor in the case of the City Manager, may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice only:

6.4.1 During peak holiday periods; or

6.4.2 When major local or international events are hosted in a particular geographical area that results in an abnormal increase in the number of local and/or international guests in that particular geographical area.

6.5 An official or a political office bearer of Drakenstein Municipality must:

6.5.1 Utilise the municipal fleet, where viable, before incurring costs to hire vehicles;

6.5.2 Make use of available public transport or a shuttle service if the cost of such a service is lower than:

- (a) The cost of hiring a vehicle;
- (b) The cost of kilometres claimable by the official or political office bearer; and
- (c) The cost of parking.



6.5.3 Not hire vehicles from a category higher than Group B or an equivalent class; and

6.5.4 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 City Manager before hiring the vehicle.

6.6 Drakenstein 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 flights and accommodation.

7. DOMESTIC ACCOMMODATION

7.1 The City 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 Overnight accommodation may only be booked where the return trip exceeds 500 kilometres.

7.3 The City Manager, or the Executive Mayor in the case of the City Manager, may approve overnight accommodation, where the return trip is less than 500 kilometres, if road or any other conditions could jeopardise the safety of officials and councillors, or if overnight accommodation is cheaper than the traveling expenses payable under the Travelling & Subsistence Policy of Council.

8. CREDIT CARDS

8.1 The City Manager must ensure that no credit card or debit card linked to a bank account of Drakenstein 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 City Manager or delegated official.

9. SPONSORSHIPS, EVENTS AND CATERING/REFRESHMENTS

9.1 Drakenstein Municipality may not incur catering/refreshments expenses for meetings which are only attended by persons in the employ of the Municipality,



unless the prior written approval of the City Manager is obtained.

- 9.2 The City Manager may incur catering/refreshments expenses for the hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of Council that exceed five hours.
- 9.3 The City Manager in consultation with the Executive Mayor will compile and maintain a schedule of proceedings of Council (Annexure A attached to the Policy) to be approved by the Municipal Council.
- 9.4 The City Manager in consultation with the Executive Mayor will compile and maintain a schedule of other gatherings of Council (Annexure B attached to the Policy) 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 City Manager.
- 9.6 Drakenstein Municipality may not incur expenses on alcoholic beverages unless the Municipality recovers the cost from the sale of such beverages.
- 9.7 The City Manager 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.
- 9.8 The City 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 City Manager or delegated official may incur expenditure for refreshments to host farewell functions in recognition of officials who served the Municipality for more than 4 years or retire on grounds of ill health.
- 9.10 The City Manager or delegated official may incur expenditure for refreshments when meeting with other spheres of government or stakeholders when the meeting is in excess of 2 hours.

10. COMMUNICATION

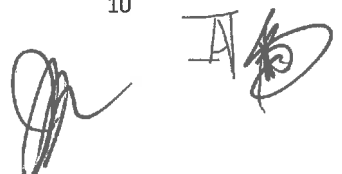
- 10.1 Drakenstein Municipality may, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers.



- 10.2 The City 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, authorised by the City Manager for officials and by the Executive Mayor for full-time political office bearers that it is required for professional purposes, or where unavailable in electronic format.
- 10.4 Drakenstein 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

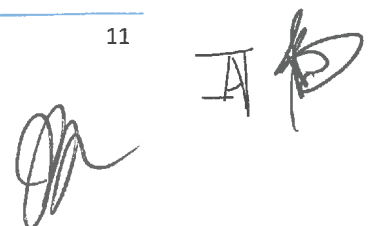
- 11.1 The City Manager must establish policies and procedures to manage applications to attend conferences or events hosted by professional bodies or non-governmental institutions held within and outside the borders of South Africa taking into account their merits and benefits, costs and available alternatives.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

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- 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 City 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 utilised for conferences, meetings, strategic planning sessions, inter alia, where an appropriate venue exists within the Drakenstein Municipality's jurisdictional area.
- 11.9 The City Manager must grant the approval for officials, and in the case of political office bearers and the City Manager, the Executive Mayor, as contemplated in paragraph 11.2 above.
- 11.10 Drakenstein 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 Drakenstein Municipality must avoid expenditure on elaborate and expensive office

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furniture.

- 12.5 Drakenstein Municipality may only use the services of the South African Police Service to conduct periodical 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 Drakenstein 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 City 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 City Manager, for approval. The directives of the approved Overtime Policy, must be adhered to except where in conflict of this Policy.
- 12.7 The City Manager or where applicable the Executive 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 authorised 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 included in 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 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.
- 14.3 The reports referred to in paragraph 14.2 above must be copied to the National Treasury and the Western Cape Provincial Treasury within seven calendar days after



the report is submitted to Municipal Council.

15. DELEGATIONS REGISTER

15.1 The City 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.

17. ANNEXURES

17.1 Annexure A: Proceedings of Council qualifying for catering; and

17.2 Annexure B: Other gatherings of Council qualifying for refreshments.



Annexure A

Proceedings of Council qualifying for catering

Row Number	Name of the Proceeding	Stakeholders	Timing
Column Reference	A	B	C
1	Mayoral Education Excellence Awards	Councillors, officials and members of the public	April
2	Women`s Day / Gender Day	Councillors and officials	August
3	Employee Excellence Awards	Councillors and officials	November
4	Mayoral Business Stakeholders Initiative	Councillors, officials and members of the public	Monthly
5	Mayoral Sport Awards	Councillors, officials and members of the public	Annually



Other Gatherings of Council qualifying for refreshments

Row Number	Name of the Gathering	Stakeholders	Timing
Column Reference	A	B	C
1	IDP and Budget Roadshows	Councillors, officials and members of the public	March/April & September/October
2	Annual School's Poster Competition	Councillors, officials, learners and teachers	March
3	Employees Wellness Day	Councillors and officials	March/April
4	Housing Summit	Councillors, officials and members of the public	April / May
5	IDP Rep Forum	Councillors, officials and members of the public	May
6	World Fire Fighters Day	Councillors, officials and Fire Fighters	May
7	Arbor Day	Councillors, officials and members of the public	June
8	Youth Day	Councillors, officials and members of the public	June
9	Madiba Day	Councillor and officials	July
10	Sports Indaba	Councillors, officials and members of the public	July/August
11	Heritage Day	Councillors, officials and members of the public	September
12	Better Together Games	Officials, Councillors	September
13	Youth Indaba	Councillors, officials and members of the public	September
14	World Day: Awareness of Elderly Abuse	Councillors, officials and members of the public	October
15	Breast Cancer Awareness	Councillors, officials and members of the public	October
16	Elderly Tea	Councillors, officials and members of the public	November
17	16 Days of Activism	Councillors, officials and members of the public	November
18	Community Games	Officials, Councillors, members of the public and Learners	November/December
19	Long Service Awards	Strategic Management Team (SMT) and officials	Monthly
20	Sports Council	Councillors, officials and Sport Codes	Quarterly
21	Drakenstein Junior Council	Councillors, officials, learners and teachers	Quarterly
22	Certificate Ceremony – Scholar Patrol	Councillors, officials and members of the public	Quarterly
23	Community Engagement	Councillors, officials and members of the public	As and when needed

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Row Number	Name of the Gathering	Stakeholders	Timing
Column Reference	A	B	C
24	Title Deeds Handovers	Councillors (Minister), officials and members of the public	3 per year
25	Vlakkeland Handovers	Councillors (Minister), officials and members of the public	3 per year
26	Launches of Buildings (Capital Projects - DCAS)	Councillors (Minister), officials and members of the public	Annually
27	Regional Housing Meeting	Officials (Province, CWDM, Municipalities)	Annually (meeting rotate between Municipalities)
28	Traffic Chiefs Forum	Officials Municipalities, Province	Annually (meeting rotate between Municipalities)

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