



FINAL COST CONTAINMENT POLICY

2026-2027

Council Resolution no:

Approval Date:

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, No 56
of 2003**

Date of adoption:

The Council of the Maruleng Municipality resolves in terms of section 168 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Municipal Cost Containment Regulations (*Government Gazette* No. 42514) to adopted the following as the Cost Containment Policy of the municipality:

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1. DEFINITIONS

In this 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 -

"Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

"accounting officer" means the Municipal Manager appointed as such by the Council of Maruleng Municipality in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and as contemplated in Chapter 8 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003);

"conferences and events" means conferences, events, meetings and study tours hosted or attended by political office bearers or officials of the municipality;

"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 a municipality or municipal entity to perform its functions to achieve the objects of local government in terms of section 152 of the Constitution;

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

"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;

"political office bearer" means the Speaker, Executive Mayor, Deputy Mayor or Member of the Executive Mayoral Committee which for purposes of this policy will have the meaning to include ordinary councillors as referred to in the Municipal Structures Act;

"officials" shall, for the purpose of clarity, include persons reporting directly to the accounting officer; and

"social events" means events involving only municipal councillors and/or officials of the municipality and do not include events where the public is involved or held to the benefit of the public.

2. OBJECT OF POLICY

The object of this policy, in line with sections 62(1) (a) and 78(1) (b) of the Act, is to ensure that resources of a municipality are used effectively, efficiently and economically by implementing cost containment measures.

3. APPLICATION OF POLICY

This Policy applies to all officials and political office bearers in Maruleng Municipality. This policy overrides provisions of any other policy of the municipality insofar that it seeks to regulate cost containment. In the case of differences between policies, this policy shall take precedence.

4. USE OF CONSULTANTS

4.1 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.

4.2 The Accounting Officer adopts the below-mentioned reference to rates as the municipality's fair and reasonable remuneration framework for consultants, provided that where no prescribed rates are available, the municipality may from time to time adjust the rates as per prevailing market conditions.

"Guideline on fees for audits undertaken on behalf of the Auditor-General of South Africa", issued by the South African Institute of Chartered Accountants;

(a) "Guide on Hourly Fee Rates for Consultants", issued by the Department of Public Service and Administration;

(b) rates as prescribed by the body regulating the profession of the consultant, including but not limited to

- Engineering Council of South Africa (ECSA)
- South African Council for the Quantity Surveying Profession (SACQSP)
- South African Council for the Architectural Profession (SACAP)
- South African Council for the Landscape Architectural Profession (SACLAP)
- South African Council for Project and Construction Management Professions (SACPCMP)
- 2018 Guideline Professional Fees in terms of section 29 of the Planning Professions Act (less 30%)
- June 2009 fee scale as per Draft Guidelines issued by PLATO and SAGI (less 30%)

(c) any other reasonable framework prescribed by Professional Bodies and/or spheres of Government.

4.3 The 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 clause (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, the Accounting Officer or must:

- (a) Appoint consultants on a time and cost basis with specific start and end dates;
- (b) Where practical, appoint consultants on an output-specified 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 where applicable and appropriate;
- (d) Ensure the transfer of skills by consultants to the relevant officials of the municipality; and
- (e) Undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality's Supply Chain Management Policy.
- (f) Develop consultancy reduction plans to reduce the reliance on consultants.

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

4.8 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.

4.9 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.

4.10 The contact price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the contact 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 vehicle purchases relating to official use by political office-bearers must not exceed R700 000 or 70% (VAT inclusive)¹ of the total annual remuneration package for the different grades of municipalities, 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 vehicles as referred to in 5.1 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 as contemplated in 5.1 and 5.2, the Accounting Officer or delegated official in terms of his/her System of Delegation must provide the council with information relating to the following criteria which must be considered -

- (a) Status of current vehicles;
 - (b) Affordability
 - (c) Extent of service delivery backlogs
 - (d) Terrain for effective usage of the vehicle; and
 - (e) Any other policy of council.
- 5.4 Regardless of their usage, vehicles for official use by political office bearers may only be replaced after completion of 150 000 kilometres and in terms of the criteria as determined in the municipality's Fleet Management Policy.
- 5.5 Notwithstanding 5.4, the municipality may replace a vehicle for official use by political office bearers before the completion of 150 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.
- 5.7 The accounting officer or delegated official in terms of his/her System of Delegation must ensure that the use of municipal vehicles for official purposes is addressed in the municipality's Fleet Management Policy.

6. TRAVEL AND SUBSISTENCE

6.1 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.
- 6.2 In the case of the accounting officer, the mayor may approve the purchase of economy class tickets where the flying time is five hours or less and business class tickets for flights exceeding five hours.
- 6.3 Notwithstanding sub -regulation (1) or (2), an accounting officer, or the mayor in the case of an accounting officer, may approve the purchase of business class tickets for an official or a political office bearer with a disability or a medically certified condition.
- 6.4 The cost containment policy must limit international travel to meetings or events that are considered critical. The number of officials or political office bearers attending such meetings or events must be limited to those officials or political office bearers directly involved in the subject matter related to such meetings or events.
- 6.5 An accounting officer, or the mayor in the case of the accounting officer, may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice only

- (a) During peak holiday periods; or
- (b) 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.

6.6 An official or a political office bearer of a municipality or municipal entity must

- (a) Utilise the municipal fleet, where viable, before incurring costs to hire vehicles;
- (b) Make use of available public transport or a shuttle service if the cost of such a service is lower than-
 - (i) the cost of hiring a vehicle;
 - (ii) the cost of kilometres claimable by the official or political office bearer; and
 - (iii) the cost of parking.
- c) not hire vehicles from a category higher than Group B or an equivalent class; 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.

6.7 A municipality or a municipal entity 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.

7. DOMESTIC ACCOMMODATION

7.1 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 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.

8. CREDIT AND DEBIT CARDS

8.1. The Accounting Officer or delegated official in terms of his/her System of Delegation must ensure that no credit card or debit card linked to a bank account of the municipality is issued to any official or political office bearer. Debit cards are used for petty cash purposes only and are regulated via the Cash Management policy.

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 in accordance with the municipality's approved Travel and Subsistence Policy and processes.

9. SPONSORSHIPS, EVENTS AND CATERING

- 9.1 The municipality may not incur catering expenses for meetings which are only attended by persons in the employ of the municipality, unless the prior written approval of the Accounting Officer or delegated official in terms of his/her System of Delegation is obtained and provided that such expenditure may only be incurred in respect of employee wellness events.
- 9.2 The Accounting Officer or delegated official in terms of his/her System of Delegation may incur catering expenses for the hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council that exceed five hours, provided that a budget exists.
- 9.3 All expenses in terms of 9.2 and 9.3 must be allocated to the mSCOA classification created for catering accounts under the various cost centres the cost relates to.
- 9.4 Entertainment allowances of qualifying officials may not exceed two thousand rand (R2 000) per person per financial year, unless approved otherwise by the Accounting Officer.
- 9.5 The municipality shall not incur expenses on alcoholic beverages.
- 9.6 The Accounting Officer or delegated official in terms of his/her System of Delegation must ensure that social events, team building exercises, year-end functions, sporting events and budget vote dinners are not financed from the municipality's budgets or by any suppliers or sponsors.
- 9.7 The municipality 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.
- 9.8 The Accounting Officer may incur expenditure not exceeding the limits for petty cash usage to host farewell functions in recognition of officials who retire after serving the municipality for ten or more years or retire on grounds of ill health.

10. COMMUNICATION

- 10.1 Unless required by legislation the municipality may, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers.
- 10.2 The Accounting Officer or delegated official in terms of his/her System of Delegation must ensure that allowances to officials for private calls and data costs are limited to an amount as determined by the Accounting Officer.
- 10.2 Newspapers and other related publications for the use of officials must be discontinued on expiry of existing contracts or supply orders, unless required for professional purposes and where unavailable in electronic format.

- 10.3 The 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. When considering applications from officials or political office bearers to attend conferences or events within and outside the borders of South Africa, an 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.
- 11.2 An accounting officer 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.
- 11.3 The benchmark costs referred to in sub -regulation (3) may not exceed an amount as determined from time to time by the National Treasury through a notice.
- 11.4 The amount referred to in sub -regulation (4) 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.
- 11.5 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.
- 11.6 The accounting officer of a municipality or municipal entity 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.
- 11.7 Municipal office facilities must be utilised for conference, meetings, and strategic planning sessions, where an appropriate venue exists within the municipal jurisdiction.
- 11.8 An accounting officer must grant the approval for officials and in the case of political office bearers and the accounting officer, the mayor, as contemplated in sub -regulation (2).
- 11.9 A 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 shall 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 The municipality shall not incur expenditure on elaborate and expensive office furniture.
- 12.5 Subject to 12.6, the municipality may only use the services of the South African Police Service (SAPS) to conduct periodical or quarterly security threat assessments of political office bearers and key officials and a report must be submitted to the speaker's office.
- 12.6 As the safety of the officials and political office bearers are important, the Accounting Officer may deviate from section 16.5 where the SAPS services required could not be obtained within a reasonable time.
- 12.6 The municipality may consider providing additional time-off in lieu of payment for overtime worked. The Accounting Officer or delegated official in terms of his/her System of Delegation shall ensure that matters pertaining to the payment of overtime are regulated in the municipality's Overtime Policy.
- 12.7 A municipality must ensure that due process is followed when suspending or dismissing officials to avoid unnecessary litigation costs.

13. ENFORCEMENT PROCEDURES

Any allegation brought to the attention of the Accounting Officer or Senior Manager must be investigated and will be dealt with in accordance with the Code of Conduct.

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.

14.3 The municipal council can refer such reports to an appropriate Council Committee for further recommendations and actions.

14.4 The reports referred to in 14.3 must be copied to the National Treasury and the relevant provincial treasury within seven calendar days after the report is submitted to municipal council.

15. SHORT TITLE AND COMMENCEMENT

15.1 This policy is in line with the Municipal Cost Containment Regulations published in the Government Gazette 42514 of 7 June 2019 and take effect on 1 July 2019, irrespective of the date of approval of said policy, unless specifically otherwise dictated in this policy.

15.2 The Accounting Officer or delegated official in terms of his/her System of Delegation shall ensure that the policy is reviewed annually and submitted in council along with the municipality's budget-related policies, where after the policy shall be communicated on the municipality's website.

SIGNED BY  _____

DATE 28/05/2026 .

MUROA ML

ACTING MUNICIPAL MANAGER