



Municipal Cost Containment Measures

Purpose

The Local Government: Municipal Cost Containment Regulations (MCCR), were promulgated on 7 June 2019, and came into effect on 1 July 2019. This circular confirms and clarifies the process followed to promulgate the MCCR, provides more information to municipalities and municipal entities to assist with implementation. There were also various engagements with stakeholders, including provincial and municipal officials, since 2016. This Circular replaces MFMA Circular 82.

Sections 62(1)(a) and 95(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality or municipal entity is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of the legal framework, the key principles being promoted are that elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are prudently utilised to ensure value for money is achieved. This will necessitate council policies to be aligned with the spirit and intent of the regulations, promoting the concept of cost vs benefits at all levels in the municipality and municipal entities, and to ensure that such savings can be better utilised towards improvements in service delivery.

This circular will assist municipalities and municipal entities to implement cost containment measures in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others, consistent with the MCCR.

Background

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure. These can then be re-prioritised to address service delivery backlogs.

In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure.

In implementing the above, the Minister of Finance also announced cost containment measures in his budget speech on 24 February 2016, and urged Mayors of

municipalities to exercise and oversee the elimination of wasteful expenditure in government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments. Additionally, before promulgation, various engagements with stakeholders were held, matters discussed at coordination forums, regional provincial engagements, comments were received and considered, and the MCCR were submitted and tabled for Parliamentary processes on 5 March 2019. After promulgation, further engagements were held between Minister of Finance and SALGA where the matters were clarified and the effective date confirmed.

As an urgent measure, accounting officers are requested to share the MCCR and its own policies with all officials and councillors. This is to be followed by a thorough revision and updating of municipal policies to be consistent with the MCCR. Moreover, in-year monitoring and reporting can then be institutionalised. The progress and completion of this process, including tabling of the revised policies are to be finalised by 30 September 2019. This will allow for full implementation.

Municipalities and municipal entities are advised to also refer to MFMA Budget Circular No. 70 and other relevant Circulars on the elimination of non-priority spending. (<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>).

Municipal Cost Containment Regulations, 2019

The National Treasury first published the draft MCCR for public comment on 16 February 2018, with the closing date being 31 March 2018. Comments were received, from the Department of Cooperative Governance and Traditional Affairs, SALGA, municipalities and other stakeholders. After extensive consultation and consideration of all comments received, the MCCR were finalised and promulgated on 7 June 2019 in the Government Gazette, with the effective date being 1 July 2019.

Discussions with the Office of the Auditor-General has resulted in agreement on a transition period from 1 July to 30 September 2019 to allow municipalities and municipal entities to adopt their policies, before these measures will be subjected to audit. In doing so, the spirit and intent of the MCCR must be upheld, therefore no contracts can be entered into from 1 July that can be interpreted as non-compliant with the measures in the MCCR.

Municipalities and municipal entities must disclose cost containment measures in their in-year budget reports, and annual costs savings in their annual reports. These reports must be submitted to Council for review and resolution. This measure is to enhance transparency and local accountability. The MCCR therefore provide a framework that is consistent with the provisions of the MFMA and other government pronouncements.

The effective implementation of the MCCR is the responsibility of the municipal council, board of directors of municipal entities, municipal accounting officer and accounting officers of municipal entities. It is also intended to ensure that municipalities and municipal entities achieve value for money in utilising public resources to deliver municipal services. The MCCR applies to all officials and councillors.

Municipal cost containment policy

The MCCR do not apply retrospectively, therefore will not impact on contracts concluded before 1 July 2019. If municipalities and municipal entities decide to extend current contracts, such contracts must be aligned with the principles outlined in the MCCR and SCM regulations.

Regulation 4(1) of the MCCR requires municipalities and municipal entities to either develop or review their cost containment policies. The MCCR require municipalities to adopt the cost containment policies as part of their budget related policies. Cognisance has been taken of the fact that the 2019/20 financial year budget process has been completed and therefore new or revised cost containment policies must be adopted by 30 September 2019, as part of its updated budget related policies.

Some municipalities and municipal entities already have cost containment policies in place. These must be reviewed to bring them in line with the MCCR. Other municipalities and municipal entities have different aspects of the cost containment measures captured in different council approved policies. In this instance such policies may be consolidated into one policy or reference can be made to the different policies in one single consolidated policy. As an interim measure for those municipalities and municipal entities that do not have cost containment policies in place, the accounting officers must issue communication to officials and councillors on the cost containment measures to be implemented, in line with the MCCR, until such time that a cost containment policy is adopted by the municipal council or board of directors, as the case may be. The above approach has been discussed with the Office of the Auditor-General.

Clarification of specific provisions within the MCCR

Use of Consultants

Regulation 5 provides for municipalities and municipal entities' use of consultants. It should be made clear that the MCCR do not prohibit the use of consultants, but require municipalities and municipal entities, before procuring the services of a consultant, to assess the need thereof against the available internal capacity for the specific services required. The assessment process should be addressed in Council policy. Failure to undertake the latter assessment will result in the expenditure incurred being classified as irregular expenditure.

This regulation also requires the municipality and municipal entity to consider the remuneration guidelines currently in place in order to determine and adopt a fair and reasonable remuneration framework for contracts. Therefore, the MCCR should not be interpreted to mean that municipalities and municipal entities must remunerate consultants based on the rates regulated but to use this as part of the remuneration framework to be approved by the accounting officer. It is always advisable to negotiate lower rates than the maximum.

Some useful links regarding rates follow, this is not exhaustive, as there may be different rates for different professions, for example, engineers' contracts may relate to time, cost and rates, etc.

www.dpsa.gov.za/dpsa2g/consultant_fees.asp

https://www.saica.co.za/portals/0/documents/Circular_01_2018_Guideline_on_AGS_A_Fees.pdf

Monitoring of performance against contracts must also ensure skills are transferred to municipal officials, which forms an integral part of the contract or arrangements arising from such contracts. Skills may be transferred through the provision of workshops or on the job training.

Municipalities and municipal entities may use the information on cost containment measures and the consultancy reduction plan issued by the National Treasury for PFMA institutions and customise it for its own internal use. These documents can be accessed using the following link:

<http://www.treasury.gov.za/legislation/pfma/guidelines/default.aspx>

Vehicles used for political office -bearers

Regulation 6 introduces an expenditure ceiling for the procurement of vehicles for qualifying public office bearers. This is aligned to the notices issued in terms of the Public Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs whereby the latter Act provides for an allowance for the procurement of vehicles and the MCCR now specify the expenditure ceiling when the allowance is utilised. This is consistent with the MFMA, the management of expenditure and internal controls. Council policy must give effect to these measures.

As part of demand management, municipalities must first conduct market research, taking into account the national government transversal contract and must use the transversal contract mechanism to procure vehicles in order to realise the actual cost savings already negotiated under the contract if this is the cheaper option after all associated costs have been taken into account. The most cost effective option should be utilised. Municipal fleet should also be considered in this regard because more often than not, the municipal fleet specifications would be aligned for the specific municipal terrain.

It has become common practice for municipalities to purchase vehicles for public office bearers when a new incumbent takes office. The regulation requires municipalities to first assess the state of the current vehicle(s) that was used by the previous incumbent before purchasing a new vehicle for a public office bearer. The costs mentioned in the regulation represents total costs, including financing charges. The same ceiling applies when the municipality policy allows for rentals or leasing arrangements.

Travel and Subsistence

Regulation 7 provides the context, where viable, and does not oblige the use of public or alternative modes of transport for public office bearers, but rather requires municipalities to ensure that expenditure in this regard is reasonable and balanced against the service delivery needs and priorities of the municipality or municipal entity. This will also address the challenges faced in rural areas. The principle of prudent use of public funds as well as obtaining value for money must feature in council policies. Security and other related needs of public office bearers can be considered in council

policy, however when it comes to transport, these must not be the determining factors. The service delivery needs of the community and issues of budgetary constraints must always have a higher weighting than any other factors.

A municipality may hire a vehicle that is higher than the Group B class outlined in regulation 7(6), but only where this is required for a particular terrain or to cater for the special needs of an official or when the number of officials attending a specific event necessitate a higher class vehicle. However, this must be done with the prior approval of the accounting officer. Therefore, in determining the appropriate mode of transport to enable the performance of duties, municipalities should apply the factors mentioned in the regulation. However, these factors are not exhaustive and the cost containment policy of the municipality and municipal entity may include other factors including safety considerations.

The MCCR require municipalities and municipal entities to first consider their own fleet, where viable, prior to hiring of vehicles. The use of shuttle services, if the cost of such a service is below the cost of hiring a vehicle, and other options can be considered. Therefore, accounting officers must encourage officials and councillors to make use the most cost effective option so as to reduce travel costs. Council policy can permit employees to accept up-graded group of hired vehicles if such an up-grade is offered with no extra charge or at a lower charge than a Group B vehicle. Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme. The principle of cost containment and savings should inform council's policies.

The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore, municipalities and municipal entities are requested to utilise these agreements to assist in implementing their respective cost containment measures, unless you can negotiate lower air travel rates or utilise other service providers that offer lower rates.

The intention with this specific measure is to ensure that institutions actually realise the discounts which have been negotiated at National Government level. These thresholds will contribute towards institutions achieving cost savings on their travel and accommodation budgets.

All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.

In the spirit of transparency, the Office of the Chief Procurement Officer is taking a firm position on rebates, overrides or any volume driven target incentives being paid by suppliers to Travel Management Companies (TMC). As of 1 April 2016, these payments and the practice of overrides are to discontinue for Government business. The National Treasury has issued the National Travel Policy framework which can be used for municipalities and municipal entities. This framework can be accessed using the following link:

<http://www.treasury.gov.za/legislation/pfma/TreasuryInstruction/AccountGeneral.aspx>

Air Travel

- The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees, including councillors, travelling domestically for official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel).
- For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceeds 5 hours, consideration may be applied.
- For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceeds 5 hours, consideration may be applied.
- The premise of “Best Fare on the Day” should be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Municipalities and municipal entities must also request quotations from other Low Cost Carriers. Please note that all discounted rates are subject to class availability.
- In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal codes as detailed in Annexure B.
- Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agent’s name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number.
- Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with the MCCR, 2019 read together with this Circular. Current arrangements need to be updated and amended to reflect these changes.
- Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel.

Domestic Accommodation

Regulation 8 requires municipalities and municipal entities to only book accommodation where the return trip exceeds 500 kilometres. There may be circumstances that such limitations may be impractical. For example, in instances where attendance is required over a number of days, or there is a risk to the health of the official or councillor and cost vs benefit considerations can warrant such expenditure. The council policy must address the practicalities around travelling in and out from meeting venues each day or the circumstances that pose risk to health

of the official or councillor, consistent with the cost containment principles of prudent use of public funds. The municipal cost containment policy may allow for exceptions in such instances, and approval of the Accounting Officer or delegated official would be required.

National Treasury has established maximum allowable rates for domestic accommodation. When sourcing accommodation for officials, municipalities and municipal *entities* should find options that are equal to or lower than the rates in Table 1, as contained in Annexure A to this Circular, depending on the allowable star grading and the band. Competition and cost effectiveness must remain a key principle.

Credit Cards

Regulation 9 prohibits the issuance of credit cards to municipal officials or public office bearers. A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards for official purposes:

- contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed;
- contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure;
- contravene section 15 of the MFMA by incurring expenditure not authorised in an approved budget;
- non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public;
- non-compliance with the supply chain management regulations; and
- undermine efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices.

While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.

Where officials or councillors incur expenses in relation to official municipal activities, they can use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.

Sponsorships, events and catering

Regulation 10 requires municipalities and municipal entities to only incur catering expenses in instances where meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council exceed five hours. The regulation

therefore does not prohibit the incurrence of catering expenses, however, the duration of the meeting will be the determining factor.

The regulation also prohibits municipalities and municipal entities from incurring expenditure on alcoholic beverages, unless such expense is recovered from the sale of such beverages. This practice has previously been abused. Municipalities and municipal entities must be guided by their objectives, including where the purchase of alcoholic beverages is part of the business model, and whether expenditure on alcoholic beverage is in terms of achieving those objectives.

Reference to petty cash in the regulations must be understood to mean limits set in council policies.

Municipalities often incur expenditure on social events, team building exercises, year –end functions, sporting events or budget vote dinners using municipal funds. The regulation does not prohibit these activities but prohibits the funding of such activities using municipal funds or it being funded by any suppliers or sponsors. The regulation must be read together with regulation 38 of the SCM Regulations which deals with the combating of abuse of the SCM system when it comes to suppliers or sponsors.

Communication

Regulation 11 do not prohibit the publication in newspapers as there are legislative provisions which require municipalities and municipal entities to advertise certain processes in newspapers. This include public participation processes.

There are certain geographical areas where internet connectivity is problematic hence the regulation includes the phrase “as far as possible”. The discretion is still with the municipalities and municipal entities taking into account principles of cost containment.

The regulation prohibits the purchase of newspapers unless this is required for professional purposes and where unavailable in electronic format. Therefore, municipalities and municipal entities may purchase newspapers where it is required for professional purposes. It is also noted that officials and councillors possess their own or utilise council equipment to assess information. These additional tools available to access information can be accommodated in council policies.

Conferences, meetings and study tours

Regulation 12 provides a framework within which municipalities and municipal entities must manage the attendance of conferences, events hosted by professional bodies or non-governmental institutions and study tours by municipal officials and public office bearers. It requires the municipality and municipal entity to be guided by the official's or public office bearer's role and responsibilities and must also determine whether the conference, event or study tour will address the relevant skills gaps in the institution. The number of officials or public office bearers that may attend a conference, event or study tour must be limited to three. The municipality must also be guided by its operational requirements in approving the attendance.

The benchmark cost for attendance of conferences is currently two thousand five hundred rand R2 500.

Other related expenditure items

Regulation 13 addresses measures that aims to encourage the reduction and excessive spending on office furniture and equipment and other items. It prohibits the use of municipal funds for electioneering, printing of brochures, limits spend on tools of trade but is aligned to what is provided for in the Public Office Bearers Act and Notices issued in terms thereof. For example, municipal policies can address the requirements during election period as municipal officials are required to support the IEC with its mandate. On security matters, the regulations provide for an assessment to be undertaken before the provision of security measures for qualifying public office bearers can be approved. It also requires motivations to be submitted before overtime is approved or for all unplanned overtime. Municipalities and municipal entities are encouraged to ensure that proper processes are followed when dismissing and suspending officials, to minimise unnecessary legal costs. Once, more we repeat that the spirit, intent and principle of the MCCR must be applied and addressed in council policy,

Enforcement of cost containment measures

The non-adherence to the provisions of the MCCR will be an act of financial misconduct as defined in section 171 and 172 of the MFMA and municipalities and municipal entities will have to implement the provisions of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Municipalities and municipal entities are required to revise their policies and delegations. Where practical considerations are required to be addressed, these should be included in municipal/entities' policies. Municipalities are reminded that the National and Provincial Treasuries annually conducts municipal budget benchmark engagements with municipalities during which all budgets will be assessed against the cost containment measures outlined in the MCCR.

Municipalities and municipal entities are required to utilise existing reporting requirements, to report internally and externally on cost saving measures. This include reporting such savings in the Annual Report. Refer to Annexure D for a template on quarterly reporting and the annual report.

Municipalities must also ensure that there is consistency between its own policies as the parent municipality and that of its entities.

It is also requested that the measures implemented are captured in quarterly reports submitted to the Municipal Public Accounts Committee and Mayor for review and recommendations to Council on additional measures to be taken.

The contents of this Circular have been shared with the office of the Auditor-General for their application, scrutiny and assessment.

Conclusion

It is important that the accounting officer ensures that the content of this Circular is brought to the attention of the Municipal Council, the board of directors and all other relevant officials within municipalities and municipal entities. It is recommended that:

- Municipalities and municipal entities review other finance related policies to ensure consistency with the MCCR and this Circular;
- Municipalities and municipal entities must create appropriate internal control measures, delegations and oversight mechanisms to monitor and implement cost containment measures consistent with the MCCR;
- Implementation of the cost containment measures as contained in the MCCR will assist in ensuring that the sections 62 and 167 of the MFMA are complied with to ensure that reasonable steps are taken for public resources to be used effectively, efficiently, economically, transparently and in the best interests of the local community.

Municipalities and municipal entities must refer to Annexure A, B and C for further information on rates for accommodation, table of quotes for flights, the contract options available under the current transversal contract.

Any queries on the cost containment measures should be directed to the respective National or Provincial Treasury official or MFMA helpdesk, email mfma@treasury.gov.za

Contact




Post **Private Bag X115, Pretoria 0001**
Phone **012 315 5850**
Fax **012 315 5230**
Email – General mfma@treasury.gov.za
Website www.treasury.gov.za/mfma

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CHIEF DIRECTOR: MFMA IMPLEMENTATION
31 July 2019

Annexure A

Table 1: Rates set for Domestic Hotel Accommodation

Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drinks at Dinner
Graded Hotel, Boutique Hotel, Lodge or Resort			
	BAND 1	BAND 2	BAND 3
1 Star	R 590	R 730	R 855
2 Star	R 920	R 1 050	R 1 230
3 Star	R 1 120	R 1 230	R 1 400
4 Star	R 1 275	R 1 380	R 1 550
5 Star	R 2 140	R 2 250	R 2 500
Bed & Breakfast, Country House or Guest house			
	BAND 1	BAND 2	BAND 3
1 Star	R 3350	R 495	R 630
2 Star	R 510	R 670	R 830
3 Star	R 920	R 1 080	R 1 230
4 Star	R 1 020	R 1 180	R 1 330
5 Star	R 1 225	R 1 385	R 1 530
Self-Catering*			
	BAND 1	BAND 2	BAND 3
1 Star	R 590		
2 Star	R 920		
3 Star	R 1 120		
4 Star	R 1 275		
5 Star	R 1 475		
Meals**			
	BAND 1	BAND 2	BAND 3
Breakfast	R 110	R -	R -
Lunch	R 160	R 160	R 160
Dinner	R 180	R 180	R -
Total	R 4500	R 340	R 160
<p>Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.</p> <p>*Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge.</p> <p>Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.</p> <p>**Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.</p>			

- If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the official may be accommodated in the establishment with the higher star grading. This means that an official may be

accommodated at a four-star establishment if the rate at the four-star establishment is the same as or lower than a three-star establishment.

- Where there is an alternative star grading indicated in **Table 1** (i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:
 - a. the higher star graded facility is the only available option due to location and availability; or
 - b. the municipality or municipal entity has negotiated lower rates with the higher star graded facility.

Annexure B: BA/COMAIR and SAA Deal Codes per Municipality

Municipalities and municipal entities should use the following codes when requesting quotes from BA/COMAIR.

MUNICIPALITIES	
NAME	DEAL CODE
EASTERN CAPE	
Alfred Nzo District Municipality Matatiele, Mbizana, Ntabankulu and uMzimvubu	1020907
Amathole District Municipality Amahlathi, Mnquma, Ngqushwa, Raymond Mhlaba, Mbashe and Great Kei,	1020906
Buffalo City Metropolitan Municipality	1020901
Chris Hani District Municipality Emalahleni, Engcobo, Intsika, Inxuba, Sakhisizwe and Enoch Mgijima	1020908
Joe Gqabi District Municipality Elundini, Walter Sisulu and Senqu	1020909
Nelson Mandela Bay Metropolitan Municipality	1020899
OR Tambo District Municipality Ingquza Hill, King Sabata Dalindyebo, Mhlontlo, Nyandeni and Port St Johns	1020903
Sarah Baartman District Municipality Dr Beyers Naudé, Blue Crane Route, Makana, Ndlambe, Sundays River Valley, Kouga and Kou-kamma	1020921
FREE STATE	
Fezile Dabi District Municipality Mafube, Moqhaka, Metsimaholo and Ngwathe	1020922
Lejweleputswa District Municipality Masilonyana, Matjhabeng, Nala, Tokologo and Tswelopele	1020923
Mangaung Metropolitan	1020923
Thabo Mafutsanyana District Dihlabeng, Maluti - a- Phofung, Mantsopa, Nketoana, Phumelela and Setsoto	1020924
Xhariep District Kopanong, Letsemeng and Mohokare	1020925
GAUTENG	
City of Johannesburg Metropolitan	1020900
City of Tshwane Metropolitan	1020898
Ekurhuleni Metropolitan	1020904
Sedibeng District Emfuleni, Lesedi and Midvaal	1020926
West Rand District Merafong, Mogale City, Rand West	1020927
KWAZULU-NATAL	
eThekweni Metropolitan	1008810
iLembe District Municipality KwaDukuza, Mandeni, Maphumulo and Ndwedwe	1020929
Harry Gwala District Municipality Greater Kokstad, Uhlebezwe, Umzimkhulu and Dr Nkosazana Dlamini Zuma	1020835
Ugu District Municipality uMdoni, Umzambe, uMuziwabantu and Ray Nkonyeni	1020836

MUNICIPALITIES	
NAME	DEAL CODE
uMgungundlovu District Municipality KZN uMshwathi, uMngeni, Mpofana, Impendle, Msunduzi, Mkhambathini and Richmond	1020837
uMkhanyakude District Municipality KZN Umhlabuyalingana, Jozini, Mtubatuba and Big Five Hlabisa	1020838
uMzinyathi District Municipality KZN Endumeni, Nquthu, Msinga, Umvoti	1020839
uThukela District Municipality Okhahlamba, iNkosi Langalibalele and Alfred Duma	1020840
King Cetshwayo district Municipality uMfolozi, uMhlathuze, uMlalazi, Mthonjaneni and Nkandla	1020841
Zululand District Municipality KZN eDumbe, uPhongolo, Abaqulusi, Nongoma and Ulundi	1020842
LIMPOPO	
Capricon District Municipality Blouberg, Lepelle-Nkumpi, Molemole and Polokwane	1020843
Mopani District Municipality Ba-Phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen and Maruleng	1020844
Sekhukhune District Municipality LM Ephraim Mogale, Elias Motsoaledi, Makhuduthamaga and Fetakgomo Tubatse	1020845
Vhembe District Municipality LM Musina, Thulamela, Makhado and Collins Chabane	1020846
Waterberg District Municipality Thabazimbi, Lephalale, Bela Bela, Mogalakwena and Modimolle-Mookgophong	1020847
MPUMALANGA	
Ehlanzeni District Municipality Thaba Chweu, Nkomazi, Bushbuckridge and City of Mbombela	1020902
Gert Sibande District Albert Luthuli, Dipaleseng, Govan Mbeki, Lekwa, Mkhondo, Msukaligwa and Pixley Ka Isaka Seme	1020848
Nkangala District Dr JS Moroka, Emakhazeni, Emalahleni, Steve Tshwete, Thembisile Hani and Victor Khanye	1020849
NORTH WEST	
Bojanala Platinum District Kgetlengriver, Madibeng, Moretele, Moses Kotane and Rustenburg	1020850
Dr Kenneth Kaunda District Municipality City of Matlosana, Maquassi and JB Marks	1020851
Dr Ruth Segomotsi Mompati District Municipality Greater Taung, Kagisano-Molopo, Lekwa-Teemane, Mamusa and Naledi	1020852
Ngaka Modiri Molema District Municipality Ditsobotla, Mahikeng, Ramotshere, Ratlou and Tswaing	1020853
NORTHERN CAPE	
John Taolo Gaetsewe Ga-Segonyana, Joe Morolong and Gamagara	1020909
Namakwa Hantam, Kamiesberg, Karoo Hoogland, Khai-Ma, Nama Khoi and Richtersveld	1020856

MUNICIPALITIES	
NAME	DEAL CODE
Pixley Ka Seme Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Thembelihle, Ubuntu and Umsobomvu	1020857
ZF Mgcawu !Kai! Garib, !Kheis, Tsantsabane, Kgatelopele and Dawid Kruiper	1020858
WESTERN CAPE	
Cape Winelands District Municipality Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg	1020859
Central Karoo District Municipality Beaufort West, Laingsburg and Prince Albert	1020859
City of Cape Town Metro	1008771
Garden Route District Municipality Bitou, George, Hessequa, Kannaland, Kynsna, Mossel Bay and Oudtshoorn	1020861
Overberg District Municipality Cape Agulhas, Overstrand, Swellendam and Theewaterskloof	1020862
West Coast District Municipality Bergrivier, Cederberg, Matzikama, Swartland and Saldanha Bay	1020863

Municipalities and municipal entities not listed above should use the following details to contact BA/Comair to obtain a deal code:

Contact Details

Nangamso Letlape: National Account Manager: Government
Nan.letlape@comair.co.za

Municipalities and municipal entities should use the following deal code when requesting quotations from SAA: CK3828. In order to arrange access to the deal codes, travel management companies servicing municipalities and municipal entities should contact the following SAA representatives:

Contact Details

Eastern Cape: Tracy Mentzel (tracymentzel@flysaa.com)
 Western Cape: Enid Sinequan (enidsinequan@flysaa.com)
 KwaZulu-Natal: Kriba Govender (kribagovender@flysaa.com)
 All other provinces: Mark Steele (marksteele@flysaa.com)

Annexure C: RT15-2016 Mobile Communication Services

1. ONE ACCOUNT

The enterprise bundle account will be in the name of the municipality and no longer in the name of an individual mobile user. Individual mobile user contracts (lines) will be migrated to the enterprise bundle account as follows:

- Vodacom individual mobile user contracts (lines) will be migrated immediately irrespective of their contract period at no penalty.
- Non-Vodacom mobile user contracts (lines) will be left to run their contract periods. On expiry of the contract, they will be ported and migrated to the enterprise bundle account.
- Vodacom may consider buying out existing contracts that are left with less than six (06) months to expiry. These will be on a case-by-case basis.

2. BUNDLE SUBSCRIPTIONS

The enterprise bundle solution is a pool of minutes, data and SMSs consumed by all mobile users in a municipality. A municipality can customise the pool of voice, data and SMSs to meet its mobile requirements. The minimum bundle options available are as follows:

2.1 Enterprise Voice Bundle WITH Hardware Fund

A device with 400 domestic voice minutes, 500 closed user group minutes that allow calls for free to all numbers (all state institutions) participating on RT15, 600MB, and 100 SMSs at a monthly subscription of R463.98 inclusive of VAT.

- The device is managed separately. Vodacom (Pty) Ltd “Vodacom” creates a hardware fund account by allocating R3990 inclusive of VAT per mobile user to create the hardware fund. The municipality will procure any terminal (device) from the hardware fund. The municipality will choose any devices that are fit for its purpose.
- If a municipality allocates devices within the hardware fund limit, there will be no payment to Vodacom. Vodacom Operations and Billing together with the municipality will reconcile the hardware fund.
- If a municipality allocates devices in excess of the hardware fund limit, there will be payment for the excess to Vodacom. The excess can either be paid once-off or it can be paid by amortisation for a certain period as agreed with Vodacom. Vodacom will invoice the municipality once, where there is an agreement to pay the excess once-off. Vodacom will invoice monthly where the agreement is an amortisation payment.

2.2 **Enterprise Voice Bundle WITHOUT a Hardware Fund (SIM only)**

- 400 domestic voice minutes, 500 closed user group minutes that allow calls for free to all numbers (all state institutions) participating on RT15, 600MB, and 100 SMS's at a monthly subscription of R320.84 inclusive of VAT.
- No hardware fund is applicable with this bundle.

2.3 **Enterprise Data Bundle (SIM only)**

- The enterprise data bundle solution is a pool of data consumed by all mobile users in a municipality. A municipality can customise the pool of data to meet its mobile requirements.
- 800MB of data at a monthly subscription of R100.32 inclusive of VAT.
- No hardware fund is applicable with this bundle.

3. **Other services available on RT15**

- Internet of Things (e.g. Any asset management including Smart Metering);
- Enterprise mobility management (Any mobile applications);
- Roaming (Zone 1 are Vodafone Countries where daily access fee is waived and home rates are charged, there are roaming agreements on Zone 2 where daily access fee is reduced by 50%, No Roaming agreement on Zone 3 where SMS charges are reduced by 50%)
- Device security;
- Bulk SMS including USSD;
- APN (Access Point Node);
- Push-to-talk (using a mobile device);
- Value Added Services;
- Insurance for Devices;
- Unified Communications (e.g. Video Conferencing, One-Net etc.); and

All these services come with a commitment by Vodacom of Best Quality network – there is an agreement with Vodacom to ensure coverage on all areas where there is public service rendered. Municipalities must contact the National Treasury where there are coverage requirements.

4. **Contact Details**

- **National Treasury**

For all transversal contract and participation queries, please use the following link to contact the relevant official on transversal contracts.

<http://www.treasury.gov.za/divisions/ocpo/ostb/contracts/Transversal%20Contracting%20Contact%20List%2001%20June%202019.pdf>

- **Vodacom**

All on-boarding queries by participating municipalities should be directed by Administrators to 08217875 and/or Email Address: national.treasury@vodacom.co.za. For all mobile users within a participating municipality the contact number is 0821940.

Annexure D: Total Cost Savings Disclosure in the In-Year and Annual Report

Measures	Cost Containment In-Year Report					
	Budget	Q1	Q2	Q3	Q4	Savings
	R'000	R'000	R'000	R'000	R'000	R'000
Use of consultants						
Vehicles used for political office -bearers						
Travel and subsistence						
Domestic accommodation						
Sponsorships, events and catering						
Communication						
Other related expenditure items						
Total						

Cost Containment Annual Report			
Cost Containment Measure	Budget	Total Expenditure	Savings
	R'000	R'000	R'000
Use of consultants			
Vehicles used for political office -bearers			
Travel and subsistence			
Domestic accommodation			
Sponsorships, events and catering			
Communication			
Other related expenditure items			
Total			