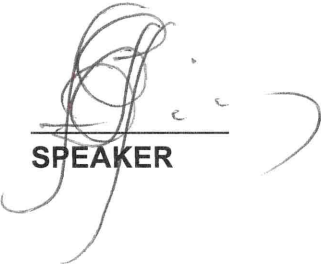




COST CONTAINMENT POLICY

JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

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SPEAKER

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JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY



COST CONTAINMENT POLICY

2026/2027

MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
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TABLE OF CONTENTS

1.	DEFINITIONS	3
2.	OBJECTIVE	3
3.	APPLICATION OF POLICY.....	3
4.	USE OF CONSULTANTS.....	3
5.	VEHICLES USED FOR POLITICAL OFFICE BEARERS.....	6
6.	TRAVEL AND SUBSISTENCE.....	7
7.	DOMESTIC ACCOMMODATION.....	9
8.	CREDIT CARDS.....	9
9.	SPONSORSHIPS, EVENTS AND CATERING.....	9
10.	COMMUNICATION.....	10
11.	CONFERENCES, MEETINGS AND STUDY TOURS.....	11
12.	OTHER RELATED EXPENDITURE ITEMS.....	13
13.	ENFORCEMENT PROCEDURES.....	13
14.	DISCLOSURES OF COST CONTAINMENT MEASURES.....	13
15.	CONSEQUENCES FOR NON-ADHERENCE TO THE COST CONTAINMENT MEASURES.....	14
16.	SHORT TITLE AND COMMENCEMENT.....	14
17.	REVIEW AND IMPLEMENTATIONPROCESS.....	15

MR. I.E AISENG
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DISTRICT MUNICIPALITY
SPEAKER

1. DEFINITIONS

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:

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

"Catering" means the provision of a meal as sit-down and dine **"proceedings of Council"** (see definition), but excludes **"refreshments"** (see definition) at **"other gatherings of Council"** (see definition);

"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 John Taolo Gaetsewe District Municipality 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 Cost Containment Regulations and 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;

"Delegated Official" means an official with delegated powers to perform duties assigned to the official by the Accounting Officer;

"Other gatherings of Council" means an assembly or meeting held for a specific purpose;

"Personal user" means items or goods that an official or political office bearer does not use for business purposes;

MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER

"Proceedings of Council" means an event with a series of activities involving a **"set procedure of Council"** (see definitions);

"Professional purposes" means, in the case of communication, the execution of required duties through informed decision making and/or recordkeeping;

"Refreshments" means a light snack and/or drink at **"other gatherings of Council"** (see definitions);

"Regulations" means the Municipal Cost Containment Regulations, 2019;

"Set procedures of Council" means a predetermined approved agenda of an event with a series of activities;

"Social event" means an event with no series of activities involving a **"set procedure of Council"** (see definitions); and

"Uniforms" means the required protective and/or branded clothing.

2. OBJECTIVE

The objective 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 John Taolo Gaetsewe District 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 John Taolo Gaetsewe District Municipality.

4. USE OF CONSULTANTS

4.1 The Accounting Officer or delegated official may only appoint a consultant if an assessment of the needs and requirements confirms

MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER

that the Municipality does not have the requisite skills and resources in its full-time employ to perform the function.

- 4.2 The Accounting Officer 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", issues 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 5.2 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

MR. I.E AISENG
JOHN TAULO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER

- 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 Accounting Officer 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/ Speaker, will not exceed R700,000 or 70% (VAT inclusive) of the total annual remuneration package of the Executive Mayor of John Taolo Gaetsewe District 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 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 Accounting Officer or delegated official must provide Council with information relating to the following criteria that 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

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 Accounting Officer must review the costs incurred regularly to ensure that value for money is obtained.

5.5 Regardless of their usage, 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 vehicle for official use by the Executive Mayor before the completion of 120 000 kilometres only in instances where the vehicle has serious mechanical problems 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 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 Accounting Officer in respect of all officials or political office bearers and the Executive Mayor in respect of the Accounting Officer may only approve the purchase of economy class tickets for air travel.

6.2 This Policy limits International travel to meetings or events will only be approved if it is considered critical. The number of officials or political office bearers attending such meetings or events will be limited to only those officials or political office bearers that are directly involved with the subject matter related to such meetings or events.

MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER

- 6.3 The Accounting Officer in the case of officials, the Executive Mayor in the case of the Accounting Officer 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 Accounting Officer, or the Executive 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:
- 6.4.1 During peak holiday periods;
- 6.4.2 When major local or international events are hosted in a particular geographical area 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 John Taolo Gaetsewe District 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 provider 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; 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 Accounting Officer before hiring the vehicle.

MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER

- 6.6 John Taolo Gaetsewe District 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 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 through a notice and the travel and subsistence policy of the municipality.
- 7.2 Overnight accommodation may only be booked where a return trip exceeds 300 kilometres.
- 7.3 The Accounting Officer, or the Executive Mayor in the case of the Accounting Officer, may approve overnight accommodation, where the return trip is less than 300 kilometres, if the road or any other conditions could jeopardise the safety of officials and Councillors, or if overnight accommodation is cheaper than the travelling expenses payable under the Travel and Subsistence Policy of the Municipality.

8. CREDIT CARDS

- 8.1 The Accounting Officer must ensure that no credit card or debit card linked to a bank account of John Taolo Gaetsewe District 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 office bearers must use their personal credit cards or cash or arrangements made by the Municipality, and request reimbursement approved by the Accounting Officer or delegated official.

MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER

9. SPONSORSHIPS, EVENTS AND CATERING

- 9.1 John Taolo Gaetsewe District 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 is obtained.
- 9.2 The Accounting Officer may incur catering expenses for the hosting of the following that exceed five hours:
- 9.2.1 Meetings
 - 9.2.2 Conferences
 - 9.2.3 Workshops
 - 9.2.4 Courses
 - 9.2.5 Forums
 - 9.2.6 Recruitment interviews
 - 9.2.7 Proceedings of Council
- 9.3 The Accounting Officer in consultation with the Executive Mayor will compile and maintain a schedule of proceedings of Council to be approved by the Municipal Council.
- 9.4 The Accounting Officer in consultation with the Executive Mayor will compile and maintain a schedule of other gatherings of Council to be approved by the Municipal Council.
- 9.5 John Taolo Gaetsewe District Municipality may not incur expenses on alcoholic beverages unless the Municipality recovers the cost from the sale of such beverages.
- 9.6 The Accounting Officer may not incur on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless the costs thereto are recovered from the affected officials.
- 9.7 Expenditure may be incurred to host farewell functions in recognition of officials who retire after serving the municipality 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 municipality.

**MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER**

10. COMMUNICATION

- 10.1 All municipal related events must, as far as possible, be advertised on the municipal website, instead of advertising in magazines or newspapers.
- 10.2 Publications such as internal newsletters must be designed internally and be published quarterly in an electronic media format and on the municipal website/intranet.
- 10.3 Newspapers and other related publications for the use of officials must be discontinued on the expiry of existing contracts or supply orders.
- 10.4 John Taolo Gaetsewe District Municipality may participate in the transversal term contract arranged by the National Treasury for the acquisition of mobile communication services.
- 10.5 Allowances for officials for private calls is limited to R100,00 per official per month.
- 10.6 The Accounting Officer must ensure that allowances to officials for calls and data costs are limited to the amounts as determined in Council's Cellular and Telephone Policies.

11. CONFERENCES, MEETINGS AND STUDY TOURS

- 11.1 The Accounting Officer 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 Accounting Officer 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 events;
 - 11.2.2 Whether the conference or event addresses relevant concerns of John Taolo Gaetsewe District Municipality;

**MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER**

- 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 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.
- 11.4 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.
- 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 expenses 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 Accounting Officer must ensure that meetings and planning sessions that entail the use of municipal funds are, as far as may be practically possible, held in-house.
- 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 John Taolo Gaetsewe District Municipality's jurisdiction area.
- 11.9 The Accounting Officer must grant the approval for officials, and in the case of political office bearers and the Accounting Officer, the Executive Mayor, as contemplated in paragraph 11.2 above.
- 11.10 John Taolo Gaetsewe District 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.

MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER

12. OTHER RELATED EXPENDITURE ITEMS

- 12.1 All commodities, services and products covered by a transversal contract concluded by 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 and other inducements as part of, or during the election periods.

13. ENFORCEMENT PROCEDURES

Failure to implement or comply with this policy may result in any official of the municipality or political office bearer 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.

14. DISCLOSURES OF COST CONTAINMENT MEASURES

- 14.1 Cost containment measures applied by the municipality must be included in the municipal in-year budget report and annual cost savings must be disclosed in the annual report.
- 14.2 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 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 Such reports must be copied to the National Treasury and relevant Provincial Treasuries within seven calendar days after the report is submitted to municipal council.

15. CONSEQUENCES FOR NON-ADHERENCE TO THE COST CONTAINMENT MEASURES

- 15.1 Any person must report an allegation of non-compliance to the cost containment policy to the accounting officer of the municipality.

MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER

- 15.2 The accounting officer must investigate the allegations and if frivolous, speculative or unfounded, terminate the investigations.
- 15.3 If the accounting officer determines the allegations are founded, a full investigation must be conducted by the disciplinary board.
- 15.4 After completion of a full investigation, the disciplinary board 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.
- 15.5 The accounting officer must table the report with recommendations to The municipal council.
- 15.6 Subject to the outcome of the council decision the accounting officer must implement the recommendations.

16. POLICY REVIEW

This policy will be reviewed annually.

MR. I.E AISENG
JOHN TAOLO GAETSEWE
DISTRICT MUNICIPALITY
SPEAKER