



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PFMA SCM INSTRUCTION NO. 07 OF 2022/2023
PUBLIC FINANCE MANAGEMENT ACT
(ACT 1 OF 1999)

COST CONTAINMENT MEASURES RELATED TO TRAVEL AND SUBSISTENCE

TO ALL:	ACCOUNTING OFFICERS OF DEPARTMENTS ACCOUNTING OFFICERS OF CONSTITUTIONAL INSTITUTIONS ACCOUNTING AUTHORITIES OF SCHEDULE 2 AND 3 PUBLIC ENTITIES HEAD OFFICIALS OF PROVINCIAL TREASURIES
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1. PURPOSE

- 1.1. The purpose of this National Treasury Instruction is to prescribe cost containment measures related to travel and subsistence to be implemented by accounting officers and accounting authorities.
- 1.2. This National Treasury Instruction must be read in conjunction with National Treasury Instruction 06 of 2022/2023 which prescribes the National Travel Framework (NTF) for further understanding and definitions.

2. SCOPE OF APPLICATION

- 2.1. This Treasury Instruction applies to all Travellers¹ travelling on Official Business.²
- 2.2. This Treasury Instruction applies to the staff of Ministries and the support staff³ of Traditional Leaders⁴ appointed by the relevant provincial department.
- 2.3. This Treasury Instruction does not apply to:
 - a) Members,⁵ as defined in the Guide for Members of the Executive;⁶
 - b) Traditional Leaders as defined in the Traditional Leadership Handbook;

¹ Traveller means a person travelling at the behest of the Institution on Official Business. Institutions may include other categories of Travellers, e.g. executives, other policy beneficiaries in line with applicable employment conditions (e.g. Institution bereavement, wellness and recruitment policies); Research collaboration support such as researchers and postgraduate students utilising shared research platforms; Non-executive members; appointed members of a Committee; appointed members of a Commission of Enquiry; persons appointed as advisors on grounds of policy considerations in terms of section 12A of the Public Service Act of 1994; interview candidates, invited guests, care attendants to a Traveller with a disability and other government employees where an employer-employee relationship exists as defined in the Labour Relations Act or similar, e.g. International Labour law (in the case of employees based in foreign countries) and other applicable legislation.

² Official Business in relation to this Instruction, means, travel and related costs associated with the authorised performance of the Institution's functions in terms of its mandate and strategic, operational and performance plans.

³ Personal secretaries (assistants), personal support staff, private office support staff, researchers, professional staff (technical advisers, economists, legal advisers, and drivers).

⁴ "Traditional Leader" means any king or queen, principal traditional leader, senior traditional leader, headman or headwoman who has been recognised in terms of the Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003) or any relevant provincial law.

⁵ "Member/s" means a Minister, Deputy Minister, Premier, Member of the Executive Council (MEC) and a Presiding Officer/Deputy Presiding Officer in Parliament or in a Provincial Legislature, except in cases where specific categories of the above members are mentioned as national or provincial members.

⁶ [Guide for the Members of the Executive.](#)(2019)

- c) The Chief Justice of South Africa, the Deputy Chief Justice and the other judges of the Constitutional Court;
- d) The President, Deputy President and other judges of the Supreme Court of Appeal;
- e) The Judge President, Deputy Judge President and other judges of each of the High Courts;
- f) Regional and district magistrates of the Magistrates' Courts;
- g) The judges of other courts established by an Act of Parliament; and
- h) Members of a Presidential Commission.

3. ENFORCEMENT OF THIS TREASURY INSTRUCTION

- 3.1. Section 38(1)(b) of the PFMA requires accounting officers of departments, trading entities or constitutional institutions to be responsible for the effective, efficient, economical and transparent use of their respective institutions' resources. Sections 38(1)(c)(iii) and 51(1)(b)(iii) of the PFMA also require accounting officers and accounting authorities to take effective and appropriate steps to manage the available working capital of their respective institutions efficiently and economically.
- 3.2. Accounting officers and accounting authorities are therefore required to implement control measures to ensure that all expenditure incurred by their respective institutions is necessary, appropriate and cost-effective. Accounting officers and accounting authorities are also required to ensure that all invoices related to amongst others travel related transactions are paid within 30 days from receipt of an invoice, unless otherwise agreed in a contract or other agreement with the supplier.
- 3.3. Accounting officers and accounting authorities are also responsible for ensuring that all employees in their respective institutions are mindful of the current economic realities of scarcity and intensify efforts to improve efficiency in expenditure and exercise oversight over supply chain management processes and procedures.

4. COMPLIANCE WITH COST CONTAINMENT MEASURES

Institutions must assist employees involved in the arrangement of travel to comply with the provisions of this Treasury Instruction to avoid possible irregular and fruitless and wasteful expenditure.

5. COST CONTAINMENT MEASURES

5.1 GENERAL PRINCIPLES

- 5.1.1 Institutions will allow the Travel Booker⁷ or the appointed Travel Management Company (TMC), to make travel arrangements on behalf of the Institution that is in line with the provisions of the Institution's Travel Policy and this Treasury Instruction.

⁷ Travel Booker: means the person coordinating travel reservations with the Travel Management Company consultant on behalf of the Traveller.

- 5.1.2 Travel Bookers, TMCs and Travellers must impartially consider the rates and fares available. Travel bookings must not be based on personal preferences for a particular travel service provider, access to lounges or the accumulation of reward and loyalty points.
- 5.1.3 Travel Bookers or the TMC must compare the best price of the day of various airline fares, accommodation establishment rates and car rental rates before confirming a booking, maintaining the principles of competitiveness and cost effectiveness in supporting the Institution's sustainability.
- 5.1.4 Institutions must make bookings:
- a) utilising the government negotiated corporate rates and fares where applicable, e.g. discounted air fares with airlines;
 - b) utilising their institutional negotiated rates and fares;
 - c) where the TMC can obtain better rates or fares; or
 - d) for accommodation within the maximum allowable rates as prescribed by the National Treasury.
- 5.1.5 In cases where the trip includes both air and land arrangements, Travel Bookers or the TMC must select the mode and combination thereof that is the most cost-effective and practical, taking into account the total cost of the trip.
- 5.1.6 The double payment of expenses is prohibited, e.g. an official cannot claim for meal expenses if meals are already included in the accommodation and, or conference arrangements.
- 5.1.7 Accounting officers and accounting authorities must reduce an allowance where the Institution or another party or host are paying for the claimed expenses. The Institution must recover the over payment from the Traveller in accordance with applicable the prescripts.

5.2 EMPLOYEES TRAVELLING ON SAME ENGAGEMENTS

- 5.2.1 Accounting officers and accounting authorities must implement policies and procedures to restrict the number of officials and persons appointed on policy considerations⁸ travelling to the same event, conference, consultation or meeting to reasonable and necessary representation, including representations to Parliament or Provincial Legislatures.
- 5.2.2 Where more than one Traveller/official is attending the same event or meeting, they must co-ordinate the renting of cars or shuttle services in order to reduce the cost. This provision also applies to SMS officials using their own vehicle or MMS that has structured for a vehicle allowance.
- 5.2.3 The provisions of paragraphs 5.2.1 and 5.2.2 of this Treasury Instruction does not apply to:
- a) Accounting officers (AO)/Directors-General or person holding equivalent ranks in departments;

⁸ Policy Advisors appointed in terms of section 12A of the Public Service Act, 1994.

- b) Deputy Directors-General or persons holding equivalent ranks in departments;⁹
- c) AO/Chief Executive Officer of constitutional institutions;
- d) Officials at the level of management that report directly to the AO of a constitutional institution;
- e) Members of the Board of a public entity (schedule 2 and 3 of the PFMA);
- f) The Chief Executive Officer or other person in charge of a public entity;
- g) Members of the executive committee that report directly to the Chief Executive Officer or to any other person in charge of a public entity;
- h) Non-executive members serving on any Governance Committee of Institutions;¹⁰ and
- i) Officials of departments, constitutional institutions and public entities performing official duties in Parliament or in a provincial legislature other than those referred to in paragraph 5.2.1 above.

5.3 AIR TRAVEL

5.3.1 National Treasury has negotiated with some domestic airlines for upfront discounted air fares for government employees travelling on official business. Copies of the agreements are available on request. Due to confidentiality clauses in the agreements, National Treasury cannot publish the discounts in the public domain.

5.3.2 Travel bookers must consider the following when selecting a fare for air travel:

- a) Fare class: all air travel must be booked using the best price of the day and in the class of travel permitted under this instruction.
- b) Fare type: the use of restricted fare types as follows:
 - i. where there is a high degree of certainty of arrival or departure times, Travellers, Travel Bookers and TMC must consider restricted fare types;
 - ii. where there is a possibility that a scheduled meeting will not proceed, or there is uncertainty around the time that a scheduled meeting may conclude, Travellers, Travel Bookers and TMC must consider whether the additional cost of flexible fares outweighs the cost of possible changes or cancellation fees.
- c) Value for money: Travellers, Travel Bookers and TMC must compare fare classes and types across airlines servicing the particular route required.
- d) Advance booking: in order to benefit from the available best price of the day, domestic travel should be booked at least seven days in advance, where possible. The most cost effective options are available when making travel bookings/reservations more than 14 days prior to departure.

⁹ This does not apply to persons holding other ranks/positions in departments but who are remunerated at salary levels 15.

¹⁰ These Governance Committees include audit, risk, social and ethics and remuneration committees.

International travel should be booked at least three weeks in advance, where possible.

5.3.3 Institutions must use the negotiated discounted rates. The agreements are **not exclusive** agreements and, before confirming a booking, Institutions must ensure that their appointed TMCs or Travel Booker, compare the discounted rates with all other airline rates that is servicing the specific route, including the low cost carriers.

5.3.4 In order to make full use of the corporate discounts, institutions must instruct their TMCs or Travel Bookers to book against the relevant deal codes¹¹ assigned to Government by the airlines.

5.3.5 Air Travel (including travel to neighbouring and regional countries) that are five hours or less (from origin airport to destination airport)

5.3.5.1 The standard of air travel for **Domestic air travel** of five hours or less must be in **economy class**, with consideration of **restricted fare types** as described in 5.3.2(b). Any exceptions to this rule must be approved by the AO/Accounting Authority (AA) or delegated official.

5.3.5.2 Business class is permitted in exceptional cases for trips less than five hours (from origin airport to destination airport) but requires prior approval of the AO/AA or delegated official.

5.3.5.3 Despite paragraphs 5.3.5.1 and 5.3.5.2, AO/AAs or delegated officials of Institutions may approve the purchase of business class tickets—

- a) for Travellers with disabilities;¹²
- b) for Travellers with special needs¹³ based on medical grounds;
- c) where the business class ticket is the same price or cheaper than the economy class ticket to the same destination.¹⁴

5.3.5.4 In cases where economy class flights are not available,¹⁵ Travel Bookers or TMC are not allowed to book business class unless approved by the AO/AA or delegated official, where it has been confirmed that the airline class was full and no other applicable flights are available.

5.3.6 International Air Travel exceeding five hours

5.3.6.1 International travel requires the approval of the most senior official or a duly delegated official of the Institution.

¹¹ The code that the Travel Management Companies must quote/insert when making the booking in order to benefit from the negotiated discounted fares. The Government Institution will not get the discount if the deal code is not used.

¹² Disability for purposes of this document is defined as a person who are physically impaired and/or requires assistance to move or are depended upon a wheelchair.

¹³ Special needs means a distinctly different need of a Traveller that requires the AO/AA or Delegated Official to make a judgment call to provide for such a need. A medical certificate noting the medical need and the applicable period of time must be provided.

¹⁴ A complete and accurate trail of such cases must be kept by the AO/AA or Delegated Official for audit purposes.

¹⁵ A complete and accurate trail of such cases must be kept by the AO/AA or Delegated Official for audit purposes

- 5.3.6.2 The standard of air travel for international flights exceeding five hours shall be **economy class**, however, the AO/AA or delegated official may approve a higher class based on the merits of each request.
- 5.3.6.3 Business class is permitted for trips that exceed five hours (from origin airport to destination airport) but requires prior approval of the AO/AA or delegated official.
- 5.3.6.4 Business class tickets may only be purchased for the following persons, unless the person elects to fly economy class:
- a) Directors-General or persons holding equivalent ranks in departments;
 - b) Deputy Directors-General or persons holding equivalent ranks in a department;¹⁶
 - c) Persons appointed on grounds of policy considerations in terms of section 12A of the Public Service Act, 1994 (i.e. advisors to executive authorities);
 - d) AO/CEO of constitutional institutions;
 - e) Officials at the level of management that report directly to the AO of a constitutional institution;
 - f) Members of Boards of public entities (schedule 2 and 3 of the PFMA);
 - g) The CEO or other person in charge of the public entity;
 - h) Members of the executive committee that report directly to the CEO or to any other person in charge of the public entity; and
 - i) Non-executive members serving on any Governance Committee of an Institution.¹⁷
- 5.3.6.5 Despite paragraphs 5.3.6.2 to 5.3.6.4, the AO/AA or delegated official may approve the purchase of business class tickets–
- a) for Travellers with disabilities;¹⁸
 - b) for Travellers with special needs¹⁹ based on medical grounds;
 - c) where the business class ticket is the same price or cheaper than the economy class ticket to the same destination;²⁰
 - d) For a Traveller accompanying a person entitled to travel at a higher class if the traveller is required to maintain contact with that person for business purposes, e.g. travelling together to make a presentation shortly after arrival.
- 5.3.6.6 In cases where economy class flights are not available Travel Bookers or TMCs are not allowed to book business class unless approved by the AO/AA

¹⁶ This does not apply to persons holding other ranks/positions but who are remunerated at salary levels 14 or 15.

¹⁷ These Governance Committees include audit committees and risk management committees

¹⁸ Disability for purposes of this document is defined as a person who are physically impaired and/or requires assistance to move or are depended upon a wheelchair.

¹⁹ The term 'Special needs' means a distinctly different need of a Traveller that requires the AO/AA or Delegated Official to make a judgment call to provide for such a need. A medical certificate noting the medical need and the applicable period of time must be provided.

²⁰ A complete and accurate trail of such cases must be kept by the AO/AA or Delegated Official for audit purposes.

or delegated official, where it has been confirmed that the airline class was full and no other applicable flights are available.

5.4 ACCOMMODATION

- 5.4.1 AA/AO must ensure that domestic accommodation expenditure does not exceed the maximum allowable rates set out in the Domestic Accommodation Rate Grid enclosed as **Annexure A** to this Treasury Instruction. National Treasury will review the rates as and when necessary.
- 5.4.2 Domestic overnight accommodation for travellers is limited to instances where—
- a) the distance travelled exceeds 300 kilometres on a return journey (150km each way) from the place of work to the destination;
 - b) the meeting/ conference/workshop is held over a number of days; or
 - c) the event finishes after hours.
- 5.4.3 When choosing domestic or international accommodation, the Travel Booker or TMC must choose the lowest rate available at suitable accommodation establishments within reasonable distance from place of duty. The Travel Booker will select the most appropriate star rating, based on what is allowed in this Instruction, business requirements and total cost of travel (typically, accommodation rates plus transportation costs).
- 5.4.4 Domestic accommodation selected must not exceed the maximum allowable rates as prescribed by National Treasury. Any exceptions to this rule must be approved by the AO/AA or delegated official.
- 5.4.5 The AO/AA or delegated official may only approve domestic accommodation costs that exceed the maximum allowable rates under the following circumstances:
- a) during peak holiday periods;²¹
 - b) when the demand is high and the accommodation establishments are sold out;
 - c) the accommodation that is still available is priced higher than the maximum allowable rates. In this case the Travel Booker will book the most reasonable option and retain a record of why the maximum was exceeded;
 - d) when officials are required to stay over in the accommodation establishment where the Official Business is conducted to avoid additional traveling cost; and
 - e) if there is an operational requirement.²²
- 5.4.6 Expense claims for meals may not be paid to the Traveller if meals are already included in the accommodation rate or conference fee.

²¹ Peak holiday period means a period during South African school holidays and public holidays as provided for in the South African calendar.

²² Example: VIP Protectors to stay in the same hotel as their VIP; Visiting Heads of State / Heads of Government; during major events such as WEF, SADC etc. where the hiring of an operational room in the hotel where the VIP's are accommodated is necessary. Furthermore is it sometimes an operational requirement for an entire delegation to stay in the same place of accommodation to reduce additional travelling cost.

- 5.4.7 Special dietary requirements must be considered when the most relevant accommodation option is booked. If the accommodation establishment does not cater for special dietary requirements, then a room excluding meals must be booked (bed-and-breakfast or room only). The Traveller may claim the actual expenditure for the Meals (not exceeding the maximum daily amount and must be accompanied by receipts as supporting evidence).
- 5.4.8 In cases where the accommodation establishment does not offer meal facilities, the Travel Booker or TMC must book the room only or bed-and-breakfast options. The Traveller may claim the actual expenditure for the meals (not exceeding the maximum daily amount and must be accompanied by receipts as supporting evidence).
- 5.4.9 Some accommodation establishments do not offer meal facilities and will provide meal vouchers in lieu of the meal which can be redeemed at facilities with which the establishment have made arrangements. The Traveller must not request or demand cash from an accommodation establishment in lieu of the meal cost included in the Institution's Travel Accommodation Voucher. Such action is misconduct and must be dealt with in terms of the Institution's Disciplinary Policy. In exceptional cases, where the accommodation establishment offers cash because there is no alternative, it may be accepted.

5.4.10 Domestic Accommodation

- 5.4.10.1 South African Tourism, through its Tourism Grading Council component, is mandated to provide quality assurance of tourism products and facilities through amongst others the grading of establishments such as hotels, bed & breakfasts, guest houses and conference venues in South Africa.
- 5.4.10.2 In order to promote the grading establishments throughout the country, Cabinet approved that government institutions should, with effect from January 2005, procure accommodation only from graded establishments and that, in exceptional cases, the use of establishments which are not graded by the Grading Council may be permitted.
- 5.4.10.3 Institutions may enter into agreements, through the normal procurement process, with accommodation facilities to secure rates that are lower than the maximum allowable rates prescribed by National Treasury.
- 5.4.10.4 The maximum allowable rates are per star grading and type (room only, bed-and-breakfast or dinner-bed-and-breakfast) for domestic accommodation within which a Traveller is allowed to be accommodated in accordance with his or her organisational level or position within the Institution.
- 5.4.10.5 The standard class of domestic accommodation must be a **three-star** establishment or equivalent accommodation establishment, unless approved otherwise by the AO/AA or delegated official.
- 5.4.10.6 The following persons may stay in a **four-star** establishment or equivalent accommodation establishment, unless the person elects to stay in a lower graded establishment:

- a) AO/Director-General or persons holding equivalent ranks in departments;
- b) Deputy Directors-General or persons holding equivalent ranks in departments;
- c) Persons appointed on grounds of policy considerations in terms of Section 12A of the Public Service Act, 1994 (i.e. advisors to executive authorities);
- d) AO/CEO of constitutional institutions.
- e) Officials at the level of management that report directly to the AO of a constitutional institution;
- f) Members of the AA (Board) of public entities (schedule 2 and 3 of the PFMA);
- g) The CEO or other person in charge of a public entity;
- h) Members of the CEO's executive committee that report directly to the CEO or to any other person in charge of a public entity; or
- i) Non-executive members serving on any Governance Committee of Institutions.²³

5.4.10.7 Despite paragraphs 5.4.10.5 and 5.4.10.6 above, a higher star graded establishment may be booked (irrespective of the organisational level or position) under the following circumstances:²⁴

- a) Where the rate of the higher star graded establishment is equal or lower than the lower star graded establishment and within the limits of the maximum allowable rates permitted;
- b) the higher star graded establishment is the only available option due to location and availability;
- c) the institution has negotiated lower rates with the higher star graded establishment and the rates are within the limits of the maximum allowable rates permitted.
- d) in all cases the principle of cost-effectiveness must prevail. The lowest rate available at suitable accommodation establishments within reasonable distance from place of work. The Travel Booker will determine the most appropriate star rating, based on an assessment of government business requirements and total cost of travel (typically, accommodation rates plus transportation costs).

5.4.10.8 In exceptional cases the AO/AA or delegated official may approve a deviation from paragraphs 5.4.10.5 and 5.4.10.6 above with justifiable reasons and accurately recorded for audit purposes.

5.4.11 International Accommodation

5.4.11.1 International travel requires the approval of the most senior official or a duly delegated official of the Institution.

²³ These Governance Committees include audit, risk and remuneration committees.

²⁴ A Complete and accurate trail of such cases must be kept by the Institution for audit purposes.

- 5.4.11.2 The approval submission must comply with the requirements of the National Travel Policy Framework, with specific reference to the financial implications and be approved by the most senior official or a duly delegated official.

5.5 GROUND TRANSPORTATION

- 5.5.1 In cases where the Official Business trip includes both air and road travel, Travel Bookers or TMCs must select the mode and combination thereof that is the most cost-effective and practical, taking into account the total cost of the Official Business trip and time consumed.
- 5.5.2 Where more than one Traveller is attending the same event or meeting, they must co-ordinate the renting of cars or shuttle services in order to reduce the cost. This provision also applies to SMS officials using their own vehicle or MMS that has structured for a vehicle allowance.
- 5.5.3 Travellers may make use of public transport such as Uber, Gautrain, taxi, municipal bus services, etc. or shuttle services when travelling to and from the airport if it is safe and more cost effective than the cost of car rental and, or, the cost of parking and, or, kilometres claimed.
- 5.5.4 AOs/AAs are responsible for the cost-effective management of travel reimbursement and vehicle hire (car rental) expenses and for the adoption of policies and procedures to this effect.

5.5.5 Car Rental

- 5.5.5.1 The Travel Booker or TMC must book a rental vehicle for the period that it is actually required for Official Business.
- 5.5.5.2 The Traveller must return the rental vehicle within the specified rental period or notify the Travel Booker or TMC to make additional arrangements with the Car Rental Company. If the Traveller fails to inform the Travel Booker or the TMC, where it was in his or her ability to do so, and additional charges are incurred, the Institution will settle the account, and if the Traveller is found liable, recover the amount from the Traveller.
- 5.5.5.3 If the Traveller needs to extend the rental period for Official Business purposes, the Traveller must obtain approval from the Authorising Official and the TMC will issue a Travel Voucher for the extended period.
- 5.5.5.4 The various Car Rental Companies use different groups and, or SIPP codes to categorise their vehicles. Please refer to **Annexure B** for the various Car Rental Companies' Group and SIPP code categorisation.
- 5.5.5.5 The default car types to be booked are vehicles categorised as "**Mini, Economy or Compact**" also known as **Group B**, subject to availability and cost effectiveness.
- 5.5.5.6 The following officials may hire a higher class vehicle (categorised as "Intermediate, Standard, Premium or Luxury"), unless the person elects to hire a "Mini, Economy or Compact" type of vehicle:

- a) AO/Director-General or persons holding equivalent ranks in departments;
 - b) AO and CEO of constitutional institutions;
 - c) Members of the Boards of public entities (schedule 2 and 3 of the PFMA);
and
 - d) The CEO or other person in charge of a public entity.
- 5.5.5.7 Officials with a disability who require the use of an automatic vehicle or officials who have a restriction on their driver's license may hire a "Mini, Economy or Compact" type of vehicle with an automatic transmission. The hiring of an automatic vehicle for any other Traveller must be approved by the AO/AA or delegated official.
- 5.5.5.8 Despite paragraphs 5.5.5.5 to 5.5.5.7 above, AOs/AAs or delegated officials may approve the hiring of an "Intermediate, Standard, Premium or Luxury" type vehicle, minibus, bus (above 16 seater) or passenger van in instances where:
- a) three or more Travellers are travelling together;
 - b) the return journey to be travelled exceeds 400 kilometres to and from the destination (return journey);
 - c) the special needs²⁵ of a Traveller (based on medical grounds) are to be catered for;
 - d) extra luggage must be accommodated;
 - e) transportation of more than 16 passengers; or
 - f) transporting of foreign dignitaries.
- 5.5.5.9 A different class of vehicle (e.g. Intermediate or Standard sports utility vehicle or 4X4) may be hired if required for a particular terrain. Mountainous and gravel roads are considered difficult terrain and vehicles with higher ground clearance may be required.
- 5.5.5.10 A Traveller is permitted to accept a higher category of rental vehicle if such an upgrade is offered free of charge. A Traveller is, under no circumstances, allowed to demand such an upgrade.

5.6 ENGAGEMENT OF TRAVEL MANAGEMENT COMPANIES

- 5.6.1 The Institution may appoint one or more Travel Management Companies. This must be done in accordance with the applicable prescripts and instructions issued by National Treasury to effectively and efficiently manage the Institution's travel services.
- 5.6.2 The working relationship between the TMC and the Institution shall be regulated by a Service Level Agreement, which amongst others, shall require the TMC to:
- a) obtain the best possible travel arrangements with the most competitive option when making travel bookings. In doing so, the TMC must be mindful of cost and value for money and provide competitive rates and best prices; and

²⁵ The term 'Special needs' means a distinctly different need of a Traveller that requires AO/AA or Delegated Official to make a judgment call to provide for such a need. A medical certificate noting the medical need and the applicable period of time must be provided.

- b) constantly provide feedback on bookings including any pertinent information regarding the Official Business trip to the Traveller, and resolutions of any concerns raised by Travellers on the services rendered by the TMC.
- 5.6.3 The Institution must manage the TMCs to deliver cost-effective and operationally efficient support in achieving the Institution's mandate.
- 5.6.4 All rates offered by TMCs to Institutions for domestic air and land arrangements must be net and non-commissionable.²⁶ This will include rates offered by domestic airlines, hotels, car rental companies and the informal accommodation market e.g. Guest Houses, Bed & Breakfast or similar establishments.
- 5.6.5 A transparent relationship between the Institution and the TMC must be maintained and any commissions earned through an Institution's volumes will be reimbursed to that Institution. Where it is found or suspected that commissions are earned by the TMC for a specific Institution's travel bookings, the Institution may demand that all these commissions be declared and reimbursed to the relevant Institution or set-off against the TMC fees to the credit of the Institution.
- 5.6.6 Institutions will only pay the transaction fees or management fees as agreed in the Service Level Agreement between the parties and the actual cost of the airline ticket, Accommodation, car hire or shuttle service.
- 5.6.7 In the absence of the contracted services of a Travel Management Company, Institutions must administer the procurement of travel related services via the prescribed procurement processes.
- 5.6.8 Only the services as approved and described on the Travel Voucher that correspond with the Travel Authorisation Form is for the account of the Institution and the TMC only invoices this to the Institution. The Institution may instruct the TMC to invoice all other unauthorised expenses separately to the Institution. The Institution must settle the account, and if the Traveller is found liable, recover the amount from the Traveller, subject to the applicable prescripts.
- 5.6.9 In the event of an After-Hours Reservation, the TMC must execute the request based on a verbal approval or approval via Short Message Service (SMS) or email from the Authorising Official. The Institution must present the Travel Authorisation Form or purchase order to the TMC within 72 hours after the request was executed by the TMC or where not practical, within 24 hours upon return to the place of work, to avoid irregular or fruitless and wasteful expenditure. The TMC must follow up with the Institution and upon failure by the Institution to submit the Travel Authorisation Form or purchase order, the TMC may proceed to invoice the transaction.

5.7 EXPENSE MANAGEMENT AND REIMBURSEMENT

- 5.7.1 Institutions must have a travel and subsistence policy (Institutional Travel Policy) in terms of which the Institution will pay employees who are required to spend at least one night away from their usual place of residence on local travel for business

²⁶ The net and non-commissionable rate means a rate that does not include any third party reward, i.e. a rate that is not marked up to include any commissions.

purposes, an allowance for each night away to cover personal expenses such as meals, refreshments and laundry.

- 5.7.2 Travel expenses must be properly documented and approved according to the Institutional Travel Policy and/or procedures. It is each Traveller's responsibility to adhere to these policies and/or procedures when involved with travel expenditure on behalf of the Institution. Further, it is the responsibility of the Authorising Official to be familiar with the reason for the expenditure and to be satisfied that they have been reported and claimed in a manner consistent with the Institution's policies and/or procedures.
- 5.7.3 The DPSA annually publishes a "Financial Manual for the Purposes of Calculation and Application of Allowances and Benefits" and issues Circulars indicating any adjustments of allowances and tariffs contained in the Financial Manual.
- 5.7.4 The PSCBC Resolution 3 of 1999 makes provision for various kinds of remunerative allowances and benefits related to travel.
- 5.7.5 Institutions to which the DPSA Financial Manual and the PSCBC Resolution 3 of 1999 do not apply must use the published South African Revenue Service (SARS) subsistence allowance and advance rates.
- 5.7.6 Institutions must familiarise themselves with these provisions and apply them accordingly.

5.8 REIMBURSABLE EXPENSES

The following expenses are reimbursable via the Institution's expense claim policy and/or procedures while on Official Business. Institutions may only reimburse costs on submission of proof of expenditure.

- a) parking costs at airports, hotels and conferences;
- b) toll fees (excluding SAPS and DOD who are exempt);
- c) laundry expenses;
- d) cost of meals (if not included in the Accommodation voucher);
- e) mileage on the use of private vehicle;
- f) use of business centres and communication at Accommodation Establishments or event facilities;
- g) business travel vaccination requirements;
- h) visas or expenses related to obtaining business visas or passports;
- i) excess luggage if it is for business purposes;
- j) loss as a result of exchange rate fluctuations;
- k) public transport expenses;
- l) refuelling of hired vehicles; or
- m) any other expense related to the Official Business trip on a case-by-case basis and approved by the Authorising Official.

5.9 NON-REIMBURSABLE EXPENSES

- 5.9.1 The following expenses may not be claimed:

- a) Tips or gratuities for waitering staff included in the bills for meals;
- b) room service or tray service;
- c) alcoholic beverages;
- d) consumable items taken from mini bars in an accommodation establishment;
- e) personal phone calls;
- f) private travelling;
- g) internet connectivity for private purposes at accommodation establishments, airports and other public places;
- h) overweight and, or over-limit baggage expenses, unless it is due to Official Business purposes;
- i) fees incurred to access the health club or fitness centres of accommodation establishments; and
- j) any other expenses not directly linked to official business.

5.10 KILOMETERS TRAVELLED

Institutional policies must make provision for the management of kilometres claimed when using a private vehicle for Official Business purposes. Specific focus should be given to the following areas:

- 5.10.1 Kilometers claimed. All claims must be based on the actual distance travelled calculated from the place of work to the destination.
- 5.10.2 Kilometer claim rate.²⁷ Traveller will be compensated for the official kilometres travelled, either according to the Tariffs for the Use of Motor Transport, as determined by the DoT or the SARS kilometre rates, whichever is applicable to the Institution.
- 5.10.3 Incorrect mileage and engine size: Where it is found or suspected that travellers are claiming incorrect mileage or incorrect engine size in an attempt to defraud government, the Institution may institute disciplinary actions and deduct the amount from the Traveller's salary, subject to applicable prescripts.

6. APPLICABILITY

This Treasury Instruction applies to all departments, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

7. REPEAL OF NATIONAL TREASURY INSTRUCTION

National Treasury Instruction No. 4 of 2017/2018 on Cost Containment Measures related to Travel and Subsistence dated 25 May 2017 is hereby repealed.

²⁷ <https://www.sars.gov.za/AllDocs/OpsDocs/Guides/PAYE-GEN-01-G03%20-%20Guide%20for%20Employers%20in%20respect%20of%20Allowances%20-%20External%20Guide.pdf>

8. DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION

- 8.1 Accounting officers of departments and constitutional institutions must bring the contents of this Instruction to the attention of:
- a) Chief Financial Officers and supply chain management officials of their respective departments and constitutional institutions;
 - b) Accounting authorities of public entities reporting to their executive authorities.
- 8.2 Heads of provincial treasuries are requested to bring the contents of this Instruction to the attention of accounting officers, chief financial officers and supply chain management officials in their respective provincial departments.
- 8.3 Accounting authorities of Schedules 2 and 3 public entities must bring the contents of this Instruction to the attention of Chief Financial Officers and supply chain management officials of their respective public entities.

9. AUTHORITY FOR THIS INSTRUCTION

This Treasury Instruction is issued in terms of section 76(4)(b) and (c) of the of the Public Finance Management Act, 1999 (Act No. Act 1 of 1999).

10. EFFECTIVE DATE

This Treasury Instruction takes effect on 1 September 2022.

11. CONTACT INFORMATION

- 11.1 Accounting officers and accounting authorities of departments, constitutional institutions, public entities and government business enterprises may submit formal enquires in terms of this Treasury Instruction to:

The Chief Procurement Officer
National Treasury
Private Bag X115
PRETORIA
0001
For attention: The Chief Procurement Officer
cpo@treasury.gov.za

- 11.2 Queries related to this Treasury Instruction may be submitted to:

Phale Naake
Director: Strategic Procurement
012 315 5883
phale.naake@treasury.gov.za

MOLEFE ISAAC FANI
ACTING CHIEF PROCUREMENT OFFICER
DATE: 7 July 2022

ATTACHMENTS

**ANNEXURE A: MAXIMUM ALLOWABLE RATES FOR DOMESTIC ACOMMODATION
AND MEALS**

ANNEXURE B: CAR RENTAL GROUPS AND SIPP CODES