

TO:
ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS
ACCOUNTING AUTHORITIES OF ALL SCHEDULE 3A AND 3C PUBLIC ENTITIES
HEAD OFFICIALS OF ALL PROVINCIAL TREASURIES

NATIONAL TREASURY CIRCULAR NO 1 OF 2016/2017

NATIONAL TRAVEL AND ACCOMMODATION PROJECT IMPLEMENTATION

1. PURPOSE

- 1.1. The purpose of this circular is to inform departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) about the implementation of National Treasury's National Travel and Accommodation Sourcing Project.
- 1.2. This circular is also aimed at informing accounting officers and accounting authorities of the transitional arrangements from 1 April 2016 to 31 July 2016 prior to the mandatory implementation of the National Travel and Accommodation Project with effect from 1st August 2016.

2. BACKGROUND

- 2.1. In terms of section 38 (1) (a) (iii) and 51 (1) (iii) of the PFMA, the accounting officer of a department or constitutional institution and the accounting authority of a public entity listed in Schedule 3A and 3C to the PFMA must ensure that their respective institution has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.
- 2.2. The South African Government spends close to R10 billion per annum on travel and subsistence for national and provincial departments alone. National Treasury is in the process of reviewing Government's travel and accommodation expenditure to reduce fragmented procurement, duplication of effort, different pricing and pricing models including costs by issuing a National Travel Policy addressing, amongst others, air travel, car hire, transfer services and accommodation for public servants.

NATIONAL TREASURY CIRCULAR NO 1 OF 2016/2017: NATIONAL TRAVEL AND ACCOMMODATION PROJECT IMPLEMENTATION

- 2.3. The Office of the Chief Procurement Officer (OCPO) has, as result of the review above, developed a national sourcing strategy for the procurement of domestic air and land travel, accommodation services as well as travel agency services to be implemented at all national and provincial departments.
- 2.4. To avoid further duplication of effort and high state expenditure in travel and accommodation, and while the National Treasury is concluding its negotiations with the travel industry, institutions listed in this circular will be required to apply the following interim measures for the transitional period.

3. TRANSITIONAL PERIOD

- 3.1. In the transitional period until 31 August 2016, accounting officers and accounting authorities are required, where possible, not to renew any contracts with travel management companies (TMCs).
- 3.2. Where current contracts with TMCs expire before 31 August 2016, these contracts should be extended on a month-to-month basis until 31 August 2016. National Treasury's national travel procurement strategy to be will cover contracts for travel management companies, airlines, hotels, B&Bs and Guest House accommodation, car rentals and shuttle services.
- 3.3. Where departments have already issued tenders and are in the process of finalising these for award, it is advised that the department consult with National Treasury prior to the conclusion of the tender process and the awarding of the contracts.
- 3.4. Where contracts are expiring after 31 August 2016, these contracts must be honoured until completion. After the expiry of these contracts, departments and entities will be required to implement the national travel and accommodation strategy.
- 3.5. Furthermore, departments are advised not to enter into corporate agreements with any hotel groups, B&B's, Guest Houses, Airlines, Car Rental Companies or Shuttle Services, as the National Treasury's current procurement strategy includes direct corporate agreements for government with these groups of service providers.
- 3.6. During July 2016, the National Treasury will issue a Treasury Instruction for the phased implementation of the following streams with effect from 1 August 2016:
- i. Car Rental
 - ii. Shuttle and Transfer Services
 - iii. Panel of Travel Management Companies
 - iv. Hotel Accommodation
 - v. B&B's

NATIONAL TREASURY CIRCULAR NO 1 OF 2016/2017: NATIONAL TRAVEL AND ACCOMMODATION PROJECT IMPLEMENTATION

- vi. Guest Houses
 - vii. Tour Operators
 - viii. Coach and Bus Hire
 - ix. Conferencing and Venue Hire
- 3.7. National Treasury will also be issuing a National Travel Policy to determine the minimum requirements to be applied by departments and public entities which should be adapted to their unique environments.

4. APPLICABILITY

- 4.1. This Circular is only applicable to domestic travel and accommodation services and applies to all departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the PFMA.

5. DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR

- 5.1. Heads officials of provincial treasuries are requested to bring the contents of this circular to the attention of accounting officers and accounting authorities of departments and public entities in their respective provinces.
- 5.2. Accounting officers of national departments are requested to bring the contents of this circular to the attention of accounting authorities of Schedule 3A public entities reporting to their respective executive authorities.

6. STATUS OF THIS CIRCULAR

This circular is issued to provide departments, constitutional institutions and Schedule 3A and 3C public entities with information related to implementation of the National Travel and Accommodation Project and does not form part of the financial management regulatory framework, as referred to in Chapter 2 of the revised Treasury Regulations.

7. INFORMATION

Enquiries related to this Circular may be directed to:

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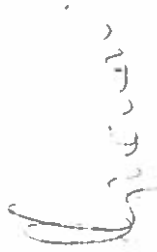
NATIONAL TREASURY CIRCULAR NO 1 OF 2016/2017: NATIONAL TRAVEL AND
ACCOMMODATION PROJECT IMPLEMENTATION

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