



CABINET STATEMENT

TO : ALL MEDIA
EMBARGO : IMMEDIATE

FURTHER STRINGENT COST-CUTTING MEASURES IN THE PROVINCE.

Pietermaritzburg, 13 December 2012: You will recall that National Cabinet approved the 2013 Division of Revenue on 21 November 2012, with this including approval of additional funds over the 2013/14 MTEF for various priorities, including the carry-through costs of the above budget 2012 wage agreement.. In approving the framework, Cabinet also approved the data updates to the provincial equitable share formula using the 2011 Census data, and approved that the revisions to provincial baselines be phased in over the MTEF period.

National Treasury indicated that the provincial equitable share formula has been updated with population data from the 2011 Census with this update having implications on the total equitable share allocated per province. Some provinces (such as Gauteng and Western Cape) receive additional resources as a result of increased service delivery responsibilities resulting from increased population numbers. Others (such as KZN and Eastern Cape) receive reduced allocations as a result of the reduced proportion in terms of population numbers as reported in the Census data results. Consideration was given to the fact that sufficient time needs to be given to provinces with reduced populations to adjust to smaller budgets. As such, National Treasury is giving some additional funding to cushion the impact of phasing in the new Census data.

The actual figures will be announced by the Minister of Finance when he tables the main budget in February 2013. In order to adjust to equitable share reductions, Cabinet decided this week to implement the following:

1. Another review of all departments' organograms is needed with the view of eliminating some non-essential posts from these structures permanently. This review must be completed by the end of February 2013, with departments submitting a report to Provincial Treasury indicating which posts are being abolished from their structures and the funds that will be released from Compensation of employees as a result of this exercise. While this deadline is too late for these numbers to be included in the 2013/14 MTEF Main Budget, the departments can effect these changes in their 2013/14 Adjusted Budget.
2. Departments should undertake a head count exercise with a view to eliminating ghost employees. This head count exercise must be completed by the end of July 2013, and the findings of this exercise must be shared with Provincial Treasury by the end of August 2013.
3. The cost-cutting measures will be enforced and these includes:-



- a. No furniture or equipment to be bought, unless it is a critical requirement for service delivery.
- b. Essential training be done in-house (exceptions to be approved by the HOD).
- c. Overseas trips be rationalised with the number of delegates being kept to a minimum.
- d. Business class travel only for MECs and HODs (and MPLs, where applicable).
- e. Car hire bookings – class of vehicle to be lowered.
- f. Catering for meetings be stopped (exceptions to be approved by the HOD, but there should be no catering for internal meetings).
- g. Kilometre controls be implemented on travelling (average of 2 500 kilometres per month per official unless there are exceptional circumstances – the exceptions should be approved by the HOD).
- h. Officials to travel together unless absolutely unavoidable.
- i. Departments must plan meetings carefully and rationalize the number of meetings held (it seems that staff from regions/ districts are sometimes called to head office meetings organized by different units on various different days, requiring them to travel to and from the regions/ districts frequently. These meetings must be co-ordinated and planned between the various units to reduce the wastage of time and money).
- j. Only essential trips may be undertaken.
- k. Internal meetings, strategic planning sessions and workshops to be held in departments' offices instead of private venues (exceptions to be approved by Provincial Treasury). Where Provincial Treasury approval is being requested, proof must be provided that all other avenues have been exhausted before a private venue will be approved.
- l. External meetings, workshops and events to be held in government facilities instead of private venues (exceptions to be approved by Provincial Treasury). Use of marquees to only be considered where such events could not be held in municipal halls, school halls, FET College facilities, etc. Where Provincial Treasury approval is being requested, proof must be provided that all other avenues have been exhausted before a private venue will be approved.
- m. Placing a cap on the number of events held, as well as a cost per event.
- n. Air travel be limited to important meetings with only one representative to attend on behalf of the department, unless otherwise required.
- o. No team building exercises or year-end/Christmas functions (only permitted if paid for by the staff themselves).
- p. Cut down on unnecessary overnight accommodation. Staff to sleep over only if the total distance to and from the destination is more than 500 kilometres. If, however, a meeting/workshop that is being attended by staff is longer than two days, and the distance to and from the destination is slightly less than 500 kilometres, then staff may sleep over).
- q. Where there are one-day meetings in other provinces, officials must travel there and back on the same day (where possible).



- r. When printing Annual Performance Plans (APPs), Strategic Plans (SPs), Annual Reports and any other publication material, departments must minimize the use of colour pages in their documents, as well as use a lighter weight of pages and covers as these incur an unnecessary higher cost. Where possible, departments should look at the feasibility of using electronic distribution (e.g. compact discs) to reduce costs. Departments should review their target audience to determine the correct number of copies to be printed to minimize wastage. Gold embossed letterheads may not be used.
- s. No promotional items, such as shirts, caps, bags, etc., to be purchased (exceptions to be approved by Provincial Treasury).
- t. No leave conversion payments (leave to be taken) – this does not apply to leave pay-outs when staff are exiting the public service.
- u. Strict control of overtime.

As a Province, we have been lauded by the national Government for the earlier measures we took to control our expenditure. In fact, other Provinces have been advised to follow our example. Despite that, we feel we should take it upon ourselves to introduce further measures to ensure that we maintain the excellent record of using the taxpayers' money prudently, while ensuring that service delivery is not compromised.

Issued by the Office of the Premier on behalf of Cabinet

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