

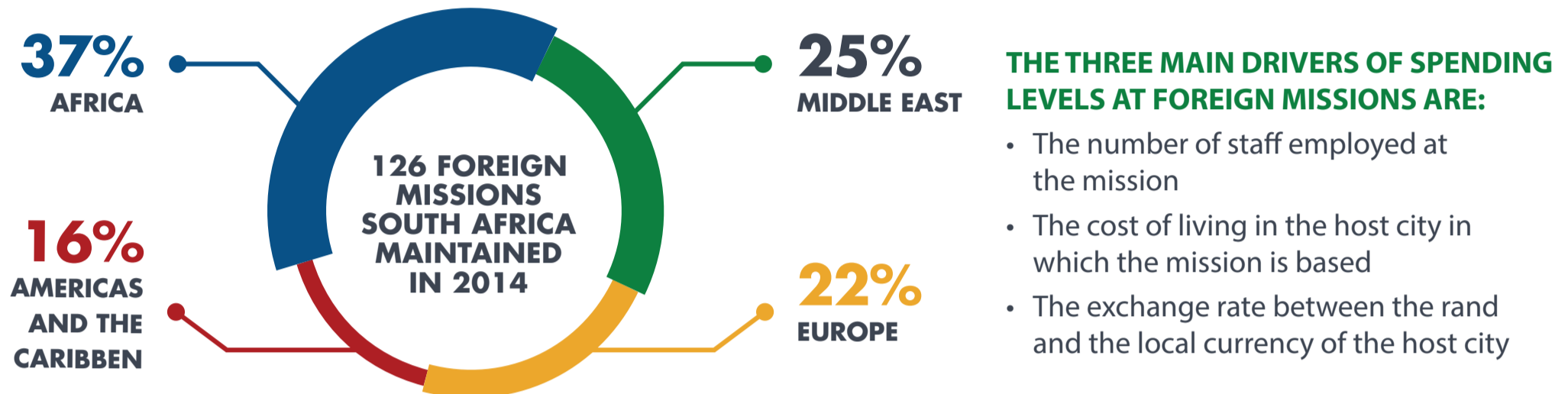
COST DRIVERS IN FOREIGN MISSIONS

2010/11 - 2012/13

BACKGROUND

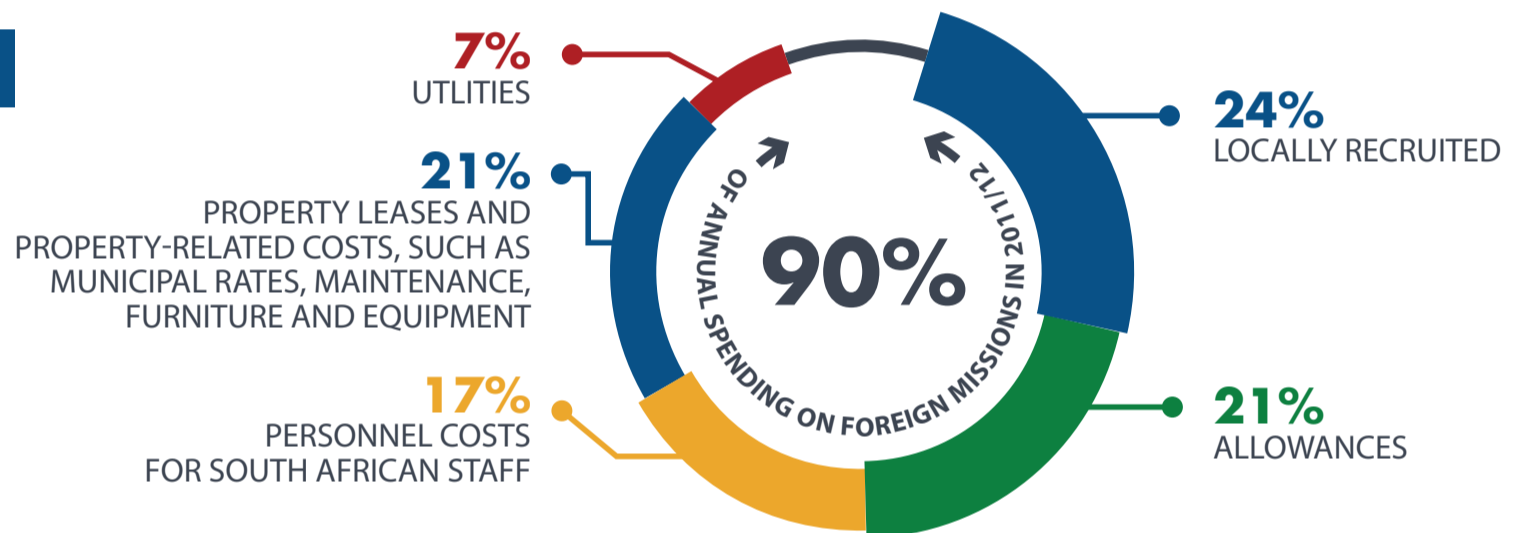
- Government expenditure at foreign missions amounts to about **R2.5 billion** per year, or just under half of **DIRCO's** annual spending.

INSTITUTIONAL SPACE



EXPENDITURE ANALYSIS

On average expenditure on each of these increased by **13% per year**



COSTING MODEL

- The **PER** constructed a model to estimate expenditure and analyse trends for the next three years
- It is based on 14 expenditure categories, including the salary costs of South African and locally recruited personnel, foreign allowances, foreign travel, entertainment, and security.
- The projections of the future costs per mission and region are based on assumptions about increases in various cost categories.
- foreign missions can be benchmarked against global and regional averages, averages for a particular size of mission, and averages for each of the major expenditure categories.

FINDINGS

THE ANNUAL GOVERNMENT EXPENDITURE AT FOREIGN MISSIONS AMOUNTS TO R2.5 BILLION

POSTSCRIPT

- COST CONTAINMENT STRATEGIES - DIRCO** has implemented strategies have included capping salary growth for locally recruited personnel and economising on office space in some locations and building chanceries in others.
- LOCALLY RECRUITED PERSONNEL - DIRCO** has conducted an extensive review the current LRP establishment which may result insignificant changes.
- PERSONNEL EXPENDITURE - DIRCO** is seeking to renegotiate some aspects of the package of allowances received by staff at foreign mission, including the contents of the basket of consumer goods used to determine allowances.