



PROVINCIAL TREASURY
CONFIDENTIAL

PROVINCIAL TREASURY INSTRUCTION NOTE NO. 03 OF 2025/26

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THE MEC FOR EDUCATION
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THE MEC FOR FINANCE
THE MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM
THE MEC FOR HEALTH
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THE MEC FOR TRANSPORT & COMMUNITY SAFETY
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THE MEC FOR CO-OPERATIVE GOVERNANCE HUMAN SETTLEMENTS AND
TRADITIONAL AFFAIRS (COGHSTA)
THE MEC FOR SPORT, ARTS AND CULTURE

For information

ALL OTHER MEMBERS OF THE LEGISLATURE

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AFFAIRS
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT
THE ACCOUNTING OFFICER: VOTE 13: SPORT, ARTS AND CULTURE

THE ACCOUNTING AUTHORITY: LIMPOPO ECONOMIC DEVELOPMENT AGENCY (LEDA)
THE ACCOUNTING AUTHORITY: LIMPOPO GAMBLING BOARD
THE ACCOUNTING AUTHORITY: LIMPOPO TOURISM AGENCY
THE ACCOUNTING AUTHORITY: ROADS AGENCY LIMPOPO
THE ACCOUNTING AUTHORITY: GATEWAY AIRPORTS AUTHORITY LIMITED

THE GROUP: LIMPOPO ECONOMIC DEVELOPMENT AGENCY
THE CHIEF EXECUTIVE OFFICER: LIMPOPO GAMBLING BOARD
THE CHIEF EXECUTIVE OFFICER: LIMPOPO TOURISM AGENCY
THE CHIEF EXECUTIVE OFFICER: ROAD AGENCY LIMPOPO
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THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT
THE CHIEF FINANCIAL OFFICER: VOTE 13: SPORT, ARTS AND CULTURE (DSAC)

THE CHIEF FINANCIAL OFFICER: LIMPOPO ECONOMIC DEVELOPMENT AGENCY (LEDA)
THE CHIEF FINANCIAL OFFICER: LIMPOPO GAMBLING BOARD
THE CHIEF FINANCIAL OFFICER: LIMPOPO TOURISM AGENCY
THE CHIEF FINANCIAL OFFICER: ROAD AGENCY LIMPOPO
THE CHIEF FINANCIAL OFFICER: GATEWAY AIRPORTS AUTHORITY LIMITED

AUDITOR GENERAL SOUTH AFRICA (LIMPOPO)

CONFIDENTIAL

**IMPLEMENTATION OF COST CONTAINMENT MEASURES FOR ALL LIMPOPO
PROVINCIAL DEPARTMENTS AND PUBLIC ENTITIES (SCHEDULE 3C AND 3D
OF THE PFM ACT 01 OF 1999)**

1. PURPOSE

- 1.1. The purpose of this Provincial Treasury Instruction Note is to give effect to National Instruction Note 01 OF 2024/2025 with regard to the cost containment measures for Departments and Public Entities within the province.
- 1.2. This instruction note provides cost containment measures that are additional to the mandatory provisions as outlined in the Public Finance Management Act (PFMA), 1999 (Act No. 01 of 1999). These additional provisions serve as a provincial effort to ensure resources are obtained economically and used efficiently and effectively in line with section 38(1)(iii)(a), 38(1)(b), 51(1)(a)(iii) and 51 (1)(b)(iii) of the PFMA.

2. BACKGROUND

- 2.1. Given the economic conditions and scarcity of resources, it is imperative that resources be utilised efficiently and effectively to achieve economic and social objectives. The global economic crisis has resulted in the contraction of many economies and in this regard South Africa, as a whole, has also adopted measures to ensure fiscal prudence;
- 2.2. In this light, the National Treasury has issued an instruction note 01 of 2024/25 and related guidelines, whereby all Departments, constitutional institutions and Public Entities listed in schedule 2 and 3 of the PFMA must align respective cost containment and implement measures accordingly, and
- 2.3. The resolution taken by the province is that LPT must issue Provincial Instruction Note to ensure that there is consistent application of cost containment in the province.

3. ENFORCEMENT OF COST CONTAINMENT MEASURES

It is mandatory for Accounting Officers (AO) of Departments and Accounting Authorities (AA) of Public Entities to implement cost containment measures referred to in paragraph 4 of **this Provincial Treasury Instruction Note**.

4. COST CONTAINMENT MEASURES

To curb exorbitant spending, all Departments and Public Entities must implement the following cost containment measures:

4.1 VACANCIES AND OTHER HUMAN RESOURCE MATTERS

- 4.1.1 Advertising for vacancies (employee and non-employees) in DPSA website and print media should be made through bulk advertisements, excluding exceptional cases as determined by the Accounting Officer or Accounting.
- 4.1.2 Vacancies for (employee and non-employees) may only be advertised in compliance with the Provincial Personnel Management Framework and Director General Circulars.
- 4.1.3 Converting of leave days into cash is not allowed. Institutions must ensure that employees utilise their allocated leave days within the prescribed period failing which such days should be forfeited. However, leave on termination of employment should be managed in line with the Public Service Regulations and related policies.

4.2 ENGAGEMENT OF PROFESSIONAL SERVICE PROVIDERS (CONSULTANTS)

- 4.2.1 An Accounting Officer/Accounting Authority, when opting to source professional service providers, must ensure that:
 - (a) consultants or professional service providers are only sourced, if the required capacity, skills or expertise does not exist within the institution; and
 - (b) Value for money is achieved when making use of consultants.
- 4.2.2 Procurement of professional services must be approved in accordance with the procurement process and value for money considerations.
- 4.2.3. Each Institution must report to Limpopo Provincial Treasury on the appointment of professional service providers appointed quarterly. The report must include list

of consultants appointed, nature and scope of work, total amount of the contract, and reasons for appointment for monitoring.

4.3 STRATEGIC PLANNING SESSIONS, EVENTS AND OTHER MEETINGS

4.3.1 **ONLY TWO (2)** departmental or entity strategic planning sessions can be held outside government buildings during a financial year.

4.3.2 All internal departmental / public entity meetings (including Board Meetings for Public Entities) must be held in government buildings or through virtual platforms. Internal meetings can be held outside government buildings if evidence exist that government buildings were not available or not compatible to the required specifications of such meeting and such should be approved by the AO or AA;

4.3.3 **Only Two (2)** events, organised for departmental or entity employees, such as Youth celebration, Heritage Day, Woman's Day and similar events of the department or entity may be held outside government buildings per financial year. If such event is to be held outside government building, the Accounting Officer/Accounting Authority must ensure that such costs are market related and efficiency is achieved through Supply Chain Management process.

4.3.4 The departments/public entities are encouraged to use provincial facilities for internal meetings, activities and events such as Nature Reserves / Resorts (accommodation and conference facilities) which normally charge reasonable prices.

4.3.5 Catering expenses

4.3.5.1 Departments or Public entities may not incur catering expenses for internal meetings, excluding the Accounting Officer / Accounting Authority meetings with external stakeholders and EXCO meetings, unless otherwise approved by the Accounting Officer or Accounting Authority.

4.3.5.2 Notwithstanding the provision of paragraph 4.3.5.1 above, departments and public entities may incur catering expenses provided it is approved by the Accounting Officer or Accounting Authority for official engagements that last for five (5) continuous hours or more, including, hosting of conferences, workshops,

recruitment interviews, training sessions, hearings, committee meetings.

4.4 COST CONTAINMENT RELATED TO HOSTING OF CONFERENCES

4.4.1 Accounting Officer/Accounting Authority must consider the following when hosting conference within the borders of South Africa:

4.4.1.1 Should host conferences if the expenditure related thereto, is market related

4.4.1.2 The motivation for the hosting events, must as a minimum, contain:

- (a) The nature of conference;
- (b) Target audience;
- (c) Total number of the anticipated attendees;
- (d) Breakdown of the conference expenditure;
- (e) How the conference furthers the mandate of the institution; and
- (f) How the conference contributes to the strategic partnership with its stakeholders.

4.5 ATTENDANCE OF CONFERENCES HOSTED BY PROFESSIONAL BODIES AND OTHER GOVERNMENT OR NON-GOVERNMENTAL ORGANIZATIONS (WITHIN THE BORDERS OF SOUTH AFRICA)

4.5.1 Employees of the institutions may attend the conferences held by professional bodies and other government or non-government institutions held within the borders of South Africa if the expenditure related to the attendance is approved by the Accounting Officer/Accounting Authority.

4.5.2 Expenditure approved must include:

- (a) Conference registration costs;
- (b) Any other expenditure in relation to the conference; and
- (c) Incidental costs.

4.5.3 Expenditure related to paragraph 4.5.2, must exclude the costs related to the travel and accommodation. The Accounting Officer/Accounting Authority must ensure that air travel and accommodation arrangements are in line with the approved provincial transversal policy on subsistence and travel.

4.5.4 When considering approval of expenditure for attendance of conference, the Accounting Officer/Accounting Authority must consider as minimum some of the following elements:

- (a) The conference is aligned to the performance agreement or personal development of an employee; or
- (b) The conference will benefit the employee in performance of duties in the institutions; or
- (c) The objective of the conference relates with the function of the institution; and or
- (d) Budget funds are available to meet the expenditure related to the employee's attendance of conference.

4.5.5 Employee of the institution must make every effort to take advantage of early registration discount by seeking the approval to attend the conference timely.

4.5.6 The number of officials and non-officials to attend the conference, will be subject to budget limits of the institution and the Accounting Officer/Accounting Authority reserves the right to set a number of officials who should attend such events.

4.6 ATTENDANCE OF CONFERENCES AND STUDY TOURS (OUTSIDE SOUTH AFRICA)

4.6.1 An Accounting Officer/Accounting Authority may grant approval for employees to attend conferences hosted by professional bodies, other government or non-government institution (external conferences) held outside the borders of South Africa.

4.6.2 The expenditure related to paragraph 4.6.1 above must include:

- (a) Conference registration costs;
- (b) Any other expenditure in relation to the conference; and
- (c) Incidental costs.

4.6.3 Expenditure, referred to in paragraph 4.6.2 above, must exclude the costs related to travel and accommodation. Accounting Officer/Accounting Authority must ensure that air travel and accommodation arrangements are in line with the Provincial Travel Policy refer to paragraph 4.7 below.

4.6.4 When considering approval of expenditure for attendance of conference, an Accounting Officer/Accounting Authority must consider as minimum the following criteria:

- (a) The conference is aligned to the performance agreement or personal development of an employee;
- (b) The conference will benefit the employee in performance of duties in the institutions;
- (c) The objective of the conference relates with the function of the institution; and
- (d) Funds are available to meet the expenditure related to the employee's attendance of conference.

4.6.5 Employee of the institution must make every effort to take advantage of early registration discount by seeking approval to attend the conference timely.

4.7 COST CONTAINMENT RELATED TO ACCOMMODATION, AIR TRAVEL AND CAR HIRE

4.7.1 The amounts set out in the Financial Manual per country or by SARS are maximum allowable daily rates or amounts. When accommodation expenditure and related expenses are wholly or partially sponsored by the host, or where part of the meals (e.g. breakfast included in hotel accommodation expenses) are paid by the institution, the payment of a reduced special daily allowance may be considered.

4.7.2 Exchange Rates

4.7.2.1 The rand value of expenses relating to the journey may be calculated using the exchange rate utilised by commercial banks to sell the currency concerned on the day on which the traveller departs abroad.

4.7.2.2 Losses suffered by a traveller due to an unfavourable exchange rate at the conversion of foreign currency upon his or her return from a journey abroad, are regarded as expenses relating to the journey abroad and may be claimed by the employee as part of his or her claim.

4.7.2.3 In calculating the rand value of losses suffered as a result of the conversion of Rands to foreign currency and vice versa, the losses suffered will be limited to the maximum amount approved for the journey (excluding expenses incurred before the journey). Losses suffered in relation to private money taken by the employee additional to such maximum amount will be for the account of the employee.

4.7.3 Reimbursable Expenses

The following expenses are reimbursable 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;
- c) laundry expenses;

- d) cost of meals (if not included in the Accommodation voucher);
- e) business travel vaccination requirements;
- f) visas or expenses related to obtaining business visas or passports;
- g) excess luggage as prescribed in the Provincial Transversal Policy
- h) public transport expenses;
- i) refuelling of hired vehicles; or
- j) any other expense related to the Official Business trip on a case-by-case basis and approved by the Authorising Official.

4.7.4 Non-Reimbursable Expenses

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, not covered by 4.7.3 (g);
- 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.

4.7.5 Maximum Allowable Rates

- 4.7.5.1 Annexure A: Catering services arranged by institutions;
- 4.7.5.2 Annexure B: Meals expenses incurred by officials; and
- 4.7.5.3 Annexure C: Domestic accommodation.

4.8 OFFICIAL KILOMETRES AND ENGINE CAPACITY LIMITATIONS

- 4.8.1 Each Institution based on availability of budget, may develop a procedure or guidelines to regulate and limit official kilometres to be travelled by employees and non-employees based on the nature of their work.
- 4.8.2 The kilometre limits set in paragraph 4.8.1 above are subject to availability of budget and appropriate approvals by delegated authority.
- 4.8.3 Subsidized motor vehicles must be allocated to the applicant in terms of the nature and the terrain where the vehicle is to be utilized.
- 4.8.4 Institutions are restricted to allocate the smallest functional vehicles as per Categories determined by National Department of Transport. In instances where an official chooses a subsidized vehicle which is bigger than the smallest functional vehicle, the official should top up (i.e. pay the difference between the price of the smallest functional vehicle and the vehicle of his/her choice);
- 4.8.5 Paragraph 4.8.4 above also imply that maintenance, capital allowances and the rate cents per kilometre for official kilometres travelled would be limited to the smallest functional vehicle. The Accounting Officer/Accounting Authority must implement controls to manage this process.

4.9 PROMOTIONAL ITEMS AND CORPORATE BRANDED ITEMS

- 4.9.1 Each Institution based on availability of budget, may develop any form of procedure or guidelines to control and manage procurement of promotional items i.e. corporate branded items and expenses related to marketing.
- 4.9.2 Such expenses must be limited to projects and programs related to the implementation of Annual Performance Plan (APP) and where it is conditional grants funded and the activity is part of the approved business plan for that grant.

4.10 EXPENSES ON NEWSPAPERS AND OTHER PUBLICATIONS

- 4.10.1 All printed and digital online subscription newspapers and other publications (magazines or periodicals) are limited to communication and media liaison offices.

- 4.10.2 The procurement of items listed under paragraph 4.10.1 above are limited to a cost of R50 000 per annum.
- 4.10.3 It is upon each institution to determine the number of publications to source per day, but the R50 000 limit per annum may not be exceeded.
- 4.10.4 For Office of the Premier, the limit is set at R100 000 per annum for procurement of newspapers and other publications.

4.11 EXPENSES AND LIMITS RELATING TO TELEPHONE LANDLINES CELLULAR PHONES AND DATA FACILITIES.

- 4.11.1 Each Institution based on availability of budget, may develop any form of procedure or guidelines to control allocation of monthly limits on landlines, cellular phones and data facilities for all the categories of employees and non-employees looking at nature of work and demand for constant communication externally.
- 4.11.2 The procedure or guidelines must include monthly limits to be allocated to acting officials for the duration of the employee's acting period.
- 4.11.3 All departments and public entities must comply with the approved Transversal Telecommunication Policy and are encouraged to participate on the national transversal contract for Supply and Delivery of Mobile Communication Services to the State (RT15).

4.12 DEVIATIONS FROM THIS TREASURY INSTRUCTION

Formal requests for deviations from paragraphs contained in this Treasury Instruction Note must be submitted to the Limpopo Provincial Treasury for approval.

5. ADDITIONAL PROVISIONS TO COST CONTAINMENT MEASURES

In addition to the cost containment measures prescribed in this Instruction Note, Accounting Officer/Accounting Authorities must enforce compliance to the Approved Transversal Financial Policies including Annexure A of National Treasury Instruction Note 1 of 2024/2025.

6. APPLICABILITY

This Treasury Instruction applies to all Departments, Public Entities (3C and 3D) and non-officials (contractors/consultants/non-executive directors [including board and sub committees of board]) within Limpopo Provincial Administration.

7. AUTHORITY FOR THIS INSTRUCTION NOTE

- 8.1. The instruction note is issued in terms of Section 18 (1) (c) of the PFM Act read together with Section 18 (2) (a), (b), (f) and (i);
- 8.2. Non-compliance with this instruction note will lead to the Departments (votes) and Public Entities (Schedule 3C and 3D) having a paragraph of non-compliance raised by the relevant oversight structures;
- 8.3. Depending on the non-compliance, the funds spend can be regarded as Irregular Expenditure which is a financial misconduct in terms of Section 81 (1)(b) and Section 83 (1)(b) of the PFM Act; and
- 8.4. The amount regarded as irregular expenditure may be recovered from the employee or non-employee who is found liable in law for incurring the said irregular expenditure.

8. EFFECTIVE DATE

This Provincial Treasury Instruction Note takes effect from the date of the signature.

9. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

The Accounting Officers and Accounting Authorities are requested to bring the contents of this instruction note to all officials within their Departments and Public Entities.

10. NOTIFICATION TO THE AUDITOR - GENERAL AND AUDITABILITY OF THE INSTRUCTION NOTE

The Auditor General will be notified of the contents of this Provincial Treasury Instruction and contents thereof will be subject to audit.

11. REPEAL OF PROVINCIAL INSTRUCTION NOTE

12.1. As per Instruction Note 01 2024/2025 the National Treasury has repeals the following Instruction Note on Cost Containment:

- (a) National Treasury Instruction Note 03 of 2017/2018 on cost containment measures for departments, constitutional Institutions and public entities listed on schedules 2 and 3 to the Public Finance Management Act (PFMA), 1999, (Act 1 of 1999).
- (b) National Treasury Instruction note 06 of 2022/2023 – National Treasury Framework.
- (c) National Treasury Instruction Note 07 of 2022/2023 – Cost Containment related to travel and subsistence.

12. CONTACT INFORMATION

Enquiries related to this Provincial Treasury Instruction may be directed to:

Provincial Accountant General's Office for the attention of:

Ms. Semanya PA

Tel (015) 291 8726

Office: Finance House Building

E-mail: semenyapa@treasury.limpopo.gov.za



MR. G. PRATT CA (SA)
HEAD OF DEPARTMENT

DATE: 8 MAY 2025