



agriculture, environmental affairs,
rural development and land reform

Department:
agriculture, environmental affairs,
rural development and land reform .
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

Office of the Head of Department

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|--|---|------------|-------------------------------|
| Date: | 29 April 2025 | File: | |
| To: | Executive Managers Senior Managers District Managers Managers / Supervisors All Officials | Enquiries: | Ms Z Mogorosi Ms T Wessels |
| Subject: Cost Containment Measures for 2025/26 | | | |

The vulnerable fiscal position of the province together with challenging economic environment, has resulted in a baseline reduction of R31.8 million in the 2025/26 financial year for the department. Faced with severe budget cuts, the collective effort of all officials is required to remain within our budget allocation in the current financial year.

To this end, the attached cost containment measures for the department for the 2025/26 financial year must be implemented. Officials are advised to also take note of the annexure which specifies the delegations of authority in the relation the cost containment measures.

Strict adherence and compliance to these measures will ensure the primary objectives of managing the cash flow and remaining within budget. Your co-operation in this regard is critical.

Yours sincerely

Adv T Birase
Acting Head of Department

Date: 30/04/2025





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COST CONTAINMENT MEASURES

April 2025

1 DEFINITIONS

"accounting officer" means the person mentioned in section 36 of the PFMA

"department" means the Department of Agriculture, Environmental Affairs, Rural Development and Land Reform

"executive authority" means the Member of the Executive Council (MEC) from the provincial legislature for the Department of Agriculture, Environmental Affairs, Rural Development and Land Reform

"financial year" means a year starting 1 April ending 31 March

"fruitless and wasteful expenditure" means expenditure which was made in vain and would have been avoided had reasonable care been exercised

"irregular expenditure" means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation

"main division within a vote" or "programme" means one of the main segments into which a vote is divided

"treasury" means the National Treasury or a Provincial Treasury, as may be appropriate in the circumstances

"unauthorised expenditure" means overspending of a vote or a main division within a vote or expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division;

"vote" means one of the main segments into which an appropriation Act is divided and which specifies the total amount which is usually appropriated per department in an appropriation Act and is separately approved by a provincial legislature before it approves the relevant draft appropriation

2 INTRODUCTION

Cost containment measures were originally introduced by the National Treasury during the 2013/14 financial year. Over the years, these measures have been updated and modified to suit the changing economic environment. There have also been certain measures that the Northern Cape Province has adopted to enhance the cost containment measures of the National Treasury. The Northern Cape Provincial Government is currently faced with a fiscal crisis and requires all provincial departments to make a concerted effort to assist to stabilise the financial position of the province. All provincial departments will have to implement budget reductions. For the Department of Agriculture, Environmental Affairs, Rural Development and Land Reform an amount of R31.733 million has been reduced from the baseline of the 2025/26 financial year. The impact of this budget reduction is expected to carry through in the new MTEF until the 2027/28 financial year.

The spirit of these measures is to contain operational costs and eliminate non-essential expenditure where possible.

3 PURPOSE

The purpose of these guidelines is to ensure that resources are used effectively, efficiently and economically in accordance with the provisions of the regulatory frameworks. It prescribes cost containment measures for all departmental programmes and units that must be observed in conjunction with provincial and national measures previously issued.

4 LEGISLATION

Public Finance Management Act, No. 1 of 1999 (as amended by Public Finance Management Amendment Act, No. 29 of 1999)

Section 38: General responsibilities of accounting officers

38(1)(a)(iv) The accounting officer for a department, trading entity or constitutional institution must ensure that that department, trading entity or constitutional institution has and maintains a system for properly evaluating all major capital projects prior to a final decision on the project

38(1)(b) The accounting officer for a department, trading entity or constitutional institution is responsible for the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution.

- 38(1)(c)(ii) *The accounting officer for a department, trading entity or constitutional institution must take effective and appropriate steps to prevent unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct*
- 38(1)(j) *The accounting officer for a department, trading entity or constitutional institution before transferring any funds (other than grants in terms of the annual Division of Revenue Act or to a constitutional institution) to an entity within or outside government, must obtain a written assurance from the entity that that entity implements effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems*
- 38(2) *An accounting officer may not commit a department, trading entity or constitutional institution to any liability for which money has not been appropriated*

5 APPLICABILITY

These cost containment measures apply to all programmes within the department, except the Office of the MEC, and all officials must acclimatise themselves with these measures. All employees must implement control measures to ensure that all expenditure in the department and respective programmes is necessary, appropriate, cost effective, economical. All employees must be mindful of the current economic realities and need to intensify efforts to improve efficiency in spending by reducing non-essential expenditure.

6 COST CONTAINMENT MEASURES

6.1 Travel and subsistence

- All managers must reduce or freeze all non-essential travel unless are funded by donor funds or conditional grants.
- Overnight stay for travel must be kept to an absolute minimum and only allowed if the travel distance of the destination exceeds 250km.
- All meeting and workshops must first consider alternatives of a virtual platform.
- Pre-planned schedules for travelling to be submitted to the Accounting Officer / delegated official for approval.
- All traveling must be arranged within a reasonable time to explore different traveling methods.

- The department may only purchase economy class air tickets for its employees except for the MEC, Accounting Officer/HOD and persons with disabilities where business class tickets may be considered. Under no circumstances may the department purchase a ticket for first class travel.
- Employees of the department may not hire vehicles from a category higher than Group B or equivalent class. If a different class of vehicle is required for a particular terrain or to cater for the special needs of an employee, this must be approved by the Accounting Officer / delegated official.
- The number of officials travelling for the purpose of the same matter must be limited to one employee unless approved by the Accounting Officer / delegated official. If more than one employee is required to travel for the same matter, then car-pooling must be considered.
- Employees will be encouraged to use private motor transport as far as possible for official trips instead of government White Fleet (vehicles from the Northern Cape Fleet Management Transport Entity). All trips or the use of a vehicle for a period, must be approved in advance by the Accounting Officer / delegated official. Private motor transport claims for all officials (including SMS members and officials on OSD packages) will be limited to claim a maximum of 2000 km per month. Travel claims for private motor transport that are more than 2000km must be approved in advance by the Accounting Officer. Private motor transport claims will be reimbursed to a maximum of rate equivalent to that of a 2.0lt diesel light delivery vehicle (4x2).
- The maximum allowable rates related to domestic accommodation and meals will be as per the instruction notes from National Treasury.

6.2 Catering

- The department may not incur catering expenses for meetings or workshops unless approved by the Accounting Officer / delegated official. The department may not incur expenses on alcoholic beverages.

6.3 Hiring of venues

- Meetings and planning sessions must, as far as practically possible, be held in-house. In instances where such sessions cannot be held in-house, alternative facilities at other government institution must be sought. If this is still not possible, the Accounting Officer / delegated official may approve the hire of a venue.

6.4 Water and electricity

- The prudent use of water and electricity must be encouraged to lower utility costs. This includes limiting the use of heaters and air conditioners where possible.

6.5 Inventory

- Bulk purchases should be considered for regularly consumed inventory.
- Supplier and early settlement discounts must be negotiated to secure lower prices.
- Corporate branded items available to employees must be recovered at least at full cost.
- Executive and senior managers may purchase tea, coffee, sugar and milk for office use. No purchase of biscuits, bottled water or any other grocery items is permitted for office use.
- Executive and senior managers may purchase tea, coffee, sugar, milk, biscuits and bottled water for meetings.

6.6 Communication

- Allocation of cellular phones and data facilities to employees must be based on the nature of the work as opposed to the position/rank they hold.
- No automatic renewal or upgrading of cell phone contracts. All new cell phone contracts or upgrading of existing cell phone contracts to be approved by the Accounting Officer / delegated official.
- The department will opt for 3-year contracts on cellular phones to reduce replacement costs of devices.

6.7 Consultants

- Department may only contract consultants after a gap analysis has confirmed is that it does not have the requisite skills or resources in its full-time employment to perform the assignment in question.
- Based on a business case, the accounting officer may approve the appointment of consultants.
- Consultants may only be remunerated at rates set out in "Guide on Hourly Rates for Consultants" of DPSA or prescribed by the body regulating the profession of the consultant, which ever may be applicable.
- If consultants are appointed, it must be accompanied by a consultancy reduction plan that includes skills transfer.

6.8 Labour saving devices

- Labour saving devices should be shared within offices to optimise the capacity utilisation of each device
- Options to extend contracts of photocopy machines at a reduced rate to be exercised when possible

6.9 Furniture and equipment

- Purchasing of new furniture and equipment should only be undertaken when necessary.
- Options to repair must be considered before replacement.
- Computers and laptops will only be replaced on the advice of the ICT Unit irrespective of the age of the device

6.10 Transversal contracts

- Where possible, transversal contracts must be used for the procurement of goods and services

6.11 External events

- All external events must be minimised and the cost per event must be kept to a minimum. All requests for external events must be submitted to Provincial Treasury for assessment at least 3 weeks before the event.
- VIP catering for events should be kept to a minimum and should only be for specifically invited dignitaries and not for government employees (except for HOD's)
- The department must have a calendar of events at the beginning of the financial year to enable programmes/departments to share costs where possible.
- Proper planning well in advance will enable the department to reduce costs and do cost comparisons. Catering, tents and other related needs for the events must be procured timeously.

6.12 Stationery, printing and other consumables

- All purchasing of stationery and other consumables must be minimised
- Print on both sides of the paper.
- Utilise spoilt paper for notes and draft printing.
- Restrict the use of printing in colour on internal documents.
- Draft documents must be printed back-to-back in black and avoid the use of colour printing.
- Production costs related to publications e.g. the annual report must be minimised by limiting the number of photographs, paying attention to the quality of paper and considering the number of copies printed.

6.13 Office accommodation

- Review all building leases for office accommodation and where possible move to state-owned buildings

- Department of Roads & Public Works to limit escalation clauses to CPI or National Treasury
- Guidelines, if possible, in building leases that need to be renewed

6.14 Training

- No training to be attended by officials unless paid for by an outside entity. This does not apply to instances where the training is related to achievement of a qualification or required for continuous professional development to maintain a professional registration.
- Officials are encouraged to attend online training which bear no cost for the department. Where officials need to attend training for continuous professional development and/or to maintain professional registration, this should be done virtually where possible.

6.15 Bursaries

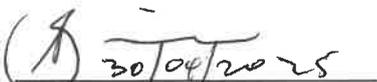
- No new external bursaries to be considered. Only existing contracts to be honoured until the fiscal position improves.

7 EFFECTIVE DATE

These measures take effect on the date of signature of the Accounting Officer and will be reviewed periodically.

8 APPROVAL BY ACCOUNTING OFFICER

Approved by

 30/04/2025

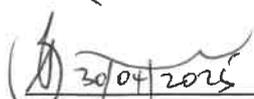
Adv T Binase
Acting Head of Department

Date: 30/04/2025

Annexure

Delegation of authority for cost containment measures. This annexure will be read together with the general PFMA and financial delegations of the department.

| Cost Containment Measure | Chief Director | Director |
|---|----------------|----------|
| Travel & Subsistence | | |
| • Travel within the province | ✓ | ✗ |
| • Travel outside the province | ✗ | ✗ |
| • Business class air tickets | ✗ | ✗ |
| • Vehicle hire exceeding Category B | ✗ | ✗ |
| • More than 1 official travelling for the same purpose | ✗ | ✗ |
| • Use of private motor vehicles | ✓ | ✗ |
| • Travel claims exceeding 2000km per month | ✗ | ✗ |
| | | |
| Catering | | |
| • Catering for meetings / workshops | ✗ | ✗ |
| | | |
| Hiring of venues | | |
| • Hire of venues | ✗ | ✗ |
| | | |
| Communication | | |
| • New or upgrade of cell phone contracts | ✓ | ✗ |
| | | |
| Labour saving devices | | |
| • New or extension of photocopy machine contracts | ✓ | ✗ |
| | | |
| Furniture and equipment | | |
| • Procurement of new furniture and equipment including desktops and laptops | ✓ | ✗ |
| | | |


 30/04/2025
 Adv T Binase
 Acting Head of Department

Date: _____