



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**TO ALL : MEMBERS OF THE EXECUTIVE**  
**: ACCOUNTING OFFICERS OF DEPARTMENTS**  
**: CHIEF FINANCIAL OFFICERS OF DEPARTMENTS**  
**: HEAD OFFICIALS OF PROVINCIAL TREASURIES**

## **NATIONAL TREASURY INSTRUCTION NO. 6 OF 2019/2020**

### **AMENDED DETERMINATION OF PRICE THRESHOLD FOR PROCUREMENT OF OFFICIAL VEHICLES FOR MEMBERS OF THE EXECUTIVE**

#### **1. PURPOSE**

- 1.1 The purpose of this National Treasury Instruction is to give legal effect to the provisions of Chapter 4 of the Guide for Members of the Executive related to the determination of price threshold for purchase of official vehicles; and
- 1.2 Communicate the maximum price threshold for purchase of motor vehicles for official use as determined by the Minister of Finance.

#### **2. BACKGROUND**

- 2.1 The Guide provides the Minister of Finance with authority to determine the price threshold, including security features of vehicles procured for official use by Members of the Executive.
- 2.2 The Minister of Finance shall annually review the threshold determined for price of vehicles procured for members of the Executive in consultation with the Ministers responsible for Police, Transport and State Security.
- 2.3 In giving effect to this requirement, Members of the Executive are urged to be mindful of the current economic realities and the need to intensify efforts to improve efficiency in the procurement of official vehicles for Members of the Executive.
- 2.4 A recommended price range and list of vehicle categories determined by the Minister of Finance will be included in the RT57 Transversal Contract issued by the National Treasury for bulk purchase of official motor vehicles. The RT57 Transversal Contract will be updated annually to include a list of indicative vehicles that may be procured by Members of the Executive. Documents related to this Transversal Contract can be downloaded via the following web link:

<http://www.treasury.gov.za/divisions/ocpo/ostb/contracts/default.aspx>

**National Treasury Instruction No. 6 of 2019/2020**  
**Amended determination of price threshold for procurement of official vehicles for**  
**Members of the Executive**

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**3. ENFORCEMENT OF THIS TREASURY INSTRUCTION**

- 3.1 In line with the announcement by the Minister of Finance at the tabling of the 2019 Medium Term Budget Policy Statement, the price threshold is hereby revised from R700, 000 to R800, 000 inclusive of VAT and security features.
- 3.2 With effect from 18 November 2019, all official vehicles purchased by government departments at national and provincial spheres of government for official use by Members of the Executive shall be procured and managed in line with the provisions of Chapter 4 of the Guide for Members of the Executive.
- 3.3 It is the responsibility of each department to ensure that confirmation of the price of security features is obtained from the South African Police Service prior to finalising the vehicle purchase.
- 3.4 For the purpose of this Treasury Instruction Members of the Executive include, Ministers and Deputy Ministers at national sphere of government, Premiers and Members of the Executive Councils at provincial sphere of government.
- 3.5 Relevant Provincial Treasuries are requested to ensure that departments reporting to the respective Members of the Executive, execute these requirements in line with the provisions of the Guide for the Members of the Executive.
- 3.6 Departments are advised to consider locally manufactured and assembled vehicles.

**4. REPORTING ON PROCUREMENT OF OFFICIAL VEHICLES FOR MEMBERS OF THE EXECUTIVE**

- 4.1 Accounting officers of departments are required to separately record the details of all acquisitions related to the costs of vehicles procured for official use by Members of the Executive in the annual report of their respective departments at the end of each financial year.

**5 PROHIBITION**

- 5.1 Members of the Executive and/or Accounting Officers of departments are prohibited from purchasing vehicles priced higher than the price limit set on paragraph 3.1 of this Treasury Instruction. Members of the Executive are further prohibited from making additional personal financial contribution to purchase a higher priced vehicle or utilising negotiated trade-in value in order to purchase a vehicle of a higher price whilst technically not exceeding the set price limit on paragraph 3.1. Therefore, the value of the vehicle being purchased should not exceed the set price limit.

**National Treasury Instruction No. 6 of 2019/2020**  
**Amended determination of price threshold for procurement of official vehicles for**  
**Members of the Executive**

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5.2 Members of the Executive are advised that the determined price threshold is aimed at addressing, amongst other, the perceived opulent lifestyle members enjoy.

**6 APPLICABILITY**

This Treasury Instruction applies to all departments at national and provincial spheres of government.

**7 EFFECTIVE DATE**

This Treasury Instruction takes effect from 18 November 2019 and must be adhered to by all affected accounting officers.

**8 REPEAL OF NATIONAL TREASURY INSTRUCTION NO. 4 OF 2019/2020**

This Treasury Instruction repeals National Treasury Instruction No. 4 of 2019/2020 dealing with determination of price threshold for procurement of official vehicles for members of the Executive.

**9 AUTHORITY FOR THIS TREASURY INSTRUCTION**

This Treasury Instruction is issued in terms of section 76(4)(c) of the PFMA and requirements of Chapter 4 of the Guide for Members of the Executives.

**10 DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION**

10.1 Accounting officers of departments are requested to bring the contents of this Treasury Instruction to the attention of relevant:

- a) Members of the Executive;
- b) Chief Financial Officers; and
- c) Heads of supply chain management division.

10.2 Head officials of provincial treasuries are requested to bring the contents of this Treasury Instruction to the attention of provincial departments in their respective provinces.

**11 CONTACT DETAILS**

Enquiries related to this Treasury Instruction may be directed to:

Mr. Donald Maphiri  
Rank: Chief Director  
Budget Office  
Chief Directorate: Public Sector Remuneration and Forecasting  
Phone: (012) 315 5801  
Email: [Donald.Maphiri@treasury.gov.za](mailto:Donald.Maphiri@treasury.gov.za)

National Treasury Instruction No. 6 of 2019/2020  
Amended determination of price threshold for procurement of official vehicles for  
Members of the Executive

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**KAREN MAREE**

**ACTING ACCOUNTANT-GENERAL: OFFICE OF THE ACCOUNTANT GENERAL**

**DATE:** 29/11/2019