



TO ALL: ACCOUNTING OFFICERS OF CONSTITUTIONAL INSTITUTIONS, GOVERNMENT COMPONENTS AND TRADING ENTITIES, ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 3A AND 3C TO THE PFMA AND HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY INSTRUCTION NO. 03 OF 2025/2026

ACCUMULATION, RETENTION AND SURRENDER OF SURPLUSES BY CONSTITUTIONAL INSTITUTIONS, GOVERNMENT COMPONENTS, TRADING ENTITIES AND PUBLIC ENTITIES LISTED IN SCHEDULE 3A AND 3C TO PUBLIC FINANCE MANAGEMENT ACT, 1999

1. PURPOSE

The purpose of this National Treasury Instruction (herein referred to as “Treasury Instruction”) is to—

- (a) in terms of sections 53(5), and 76(4)(a) and (g) of the Public Finance Management Act, 1999 (Act No. 1 of 1999 – “the PFMA”) regulate the process of accumulation and retention of surpluses, and declaration of deficits by public entities listed in Parts A and C of Schedule 3 to the PFMA (herein called “Schedule 3A and 3C entities”);
- (b) in terms of sections 76(2)(b) and 76(4)(g) of the PFMA and Treasury Regulations 15.8.1 and 6.4 regulate the process of accumulation and surrendering of unexpended voted funds by constitutional institutions and government components; and
- (c) in terms of sections 76(2)(b) and 76(4)(g) of the PFMA and Treasury Regulation 19.7.1 regulate the process of declaration and surrender of surpluses, and declaration of deficits by trading entities.

2. ACCUMULATION OF CASH SURPLUSES

- 2.1. Schedule 3A and 3C entities may not accumulate cash surpluses realised at the end of a financial year without the prior written approval of the relevant Treasury, unless—



- (a) exempted in terms of section 92 of the PFMA from complying with section 53(3) of the PFMA; or
 - (b) provided otherwise in primary legislation that took effect after the effective date of the PFMA.
- 2.2. If a Schedule 3A or 3C entity received a conditional allocation from a provincial department, the unspent conditional funds held by the entity must be dealt with in terms of the Division of Revenue Act of the relevant financial year.

3. DECLARATION AND SUBMISSION OF REQUESTS TO RETAIN CASH SURPLUSES

- 3.1. All Schedule 3A and 3C entities must annually declare all cash surpluses or deficits, using their audited annual financial statements as the basis for calculation of cash surpluses or deficits as enclosed in **Annexure A** to this Instruction, to the relevant Treasury by—

- (a) 15 September 2025 for the 2024/25 financial year; and
 - (b) thereafter 31 August of each year,
- unless the finalisation of the audit of the public entity is delayed.

- 3.2. An accounting authority of a Schedule 3A or 3C entity, envisaged in paragraph 3.1, must, in writing—

- (a) submit a request to retain cash surpluses; or
- (b) declare a deficit or nil return,

to the relevant Treasury by—

- (i) 15 September 2025 for the 2024/25 financial year; and
 - (ii) thereafter 31 August of each year,
- unless the finalisation of the audit of the public entity is delayed.

- 3.3. If the finalisation of the audit is delayed, the public entity must submit—

- (a) a letter with reasons for the delay before 31 August to the relevant Treasury; and



- (b) a request to the relevant Treasury to retain the cash surpluses or declare a deficit within 30 days after the finalisation of the audit.

3.4. If a Schedule 3A or 3C entity has not submitted its annual financial statements for audit or the Auditor-General has expressed an adverse audit opinion on the annual financial statements, the entity must, surrender all cash surpluses to the relevant Revenue Fund in accordance with paragraph 4.

3.5. A request submitted to the relevant Treasury to retain cash surpluses must be accompanied by the following:

- (a) The calculation that was used to arrive at the amount of the cash surpluses as required in **Annexure A** to this Instruction;
- (b) a copy of the final audited annual financial statements;
- (c) detail on how previously approved surpluses were utilised by the public entity; and
- (d) detail on how the surpluses arose and motivation on why the surpluses should be considered for approval, namely what it will be used for, together with supporting documentation where necessary.

3.6. When submitting requests to the relevant Treasury to retain cash surpluses in terms of section 53(3) of the PFMA and this Treasury Instruction, accounting authorities must copy their designated departments.

4. SURRENDER OF CASH SURPLUSES

4.1. Schedule 3A and 3C entities, envisaged in paragraph 3.1, through their designated departments, must surrender for depositing into the relevant Revenue Fund, all cash surpluses realised in a particular financial year if—

- (a) approval was not granted for retention by the relevant Treasury in terms of section 53(3) of the PFMA and this Treasury Instruction;



- (b) the request for retention, envisaged in paragraph 3.2(a), was not submitted by the applicable date;
- (c) the finalisation of the audit was delayed and paragraph 3.3 was not complied with; or
- (d) the entity has not submitted its annual financial statements for audit, or the Auditor-General has expressed an adverse audit opinion on the annual financial statements as envisaged in paragraph 3.4.

4.2. The cash surpluses referred to in paragraph 4.1, must be surrendered by 30 November of each year, for depositing into the relevant Revenue Fund as indicated in **Annexure B** to this Instruction.

5. UTILISATION OF APPROVED CASH SURPLUSES

- 5.1. If the retention of cash surpluses is approved in terms of section 53(3) of the PFMA and paragraph 3.1, a Schedule 3A and 3C entity must revise its budget to include the approved cash surpluses. A revised budget must be recommended by the relevant accounting authority and approved by the relevant executive authority.
- 5.2. If the cash surplus approved is not to be utilised immediately in the next six months, such cash surpluses must be invested in terms of Treasury Regulation 31.3.3, unless an exemption or a departure is granted by the National Treasury as referred to in paragraph 6 to this Instruction.

6. INVESTMENT WITH CORPORATION FOR PUBLIC DEPOSITS

In terms of Treasury Regulation 31.3.3, Schedule 3A and 3C entities must invest cash surpluses in a financial year with the Corporation for Public Deposits, unless—

- (a) exempted in terms of section 92 of the PFMA or a departure is approved in terms of section 79 of the PFMA; or
- (b) the investment of surpluses is regulated by—
 - (i) primary legislation, whether it predates or postdates the effective date of Treasury Regulation 31.3.3; or



- (ii) regulations in terms of primary legislation only if that regulation postdates the effective date of Treasury Regulation 31.3.3.

7. DECLARATION AND SURRENDER OF CASH SURPLUSES BY CONSTITUTIONAL INSTITUTIONS, GOVERNMENT COMPONENTS AND TRADING ENTITIES

- 7.1. This Treasury Instruction applies to a trading entity with the necessary changes and insofar as it is not contrary to Treasury Regulation 19.7.1.
- 7.2. This Treasury Instruction applies to constitutional institutions and government components with the necessary changes in so far as it is not contrary to Treasury Regulations 15.8.1 and 6.4.

8. APPLICABILITY

This Treasury Instruction applies to constitutional institutions, government components, public entities listed in Schedule 3A and 3C to the PFMA, and trading entities.

9. REPEAL OF NATIONAL TREASURY INSTRUCTION NO. 12 OF 2020/2021

National Treasury Instruction No. 12 of 2020/21 on the Retention of Cash Surpluses by Constitutional Institutions and Public Entities listed in Schedules 3A and 3C to the PFMA is hereby repealed.

10. EFFECTIVE DATE

This Treasury Instruction takes effect from 25 August 2025.

11. DISSEMINATION OF INFORMATION

- 11.1. Accounting officers of national departments are requested to bring the contents of this Treasury Instruction to the attention of—
 - (a) accounting officers of constitutional institutions and trading entities;



- (b) accounting authorities of public entities listed in Schedule 3A to the PFMA which report to the executive authority of their respective departments; and
- (c) heads of government components.

11.2. Head officials of provincial treasuries are requested to bring the contents of this Treasury Instruction to the attention of provincial departments and public entities listed in Schedule 3C to the PFMA.

12. AUTHORITY

This Treasury Instruction is issued in terms of sections 53(5) and 76(2)(b) and 76(4)(a) and (g) of the PFMA.

13. CONTACT INFORMATION

13.1. Enquiries related to this Treasury Instruction may be directed to the relevant Budget Analysts in the Public Finance Division and Intergovernmental Relations Division of the National Treasury. The details of responsible officials can be obtained from the Chief Financial Officers of designated departments.

13.2. Written requests for the declaration and retention of surpluses by constitutional institutions, trading entities and public entities listed in Schedule 3A to the PFMA must be forwarded through their designated departments to:

Director-General

National Treasury

Private Bag X115

PRETORIA

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For attention: Deputy Director-General: Public Finance

Signed by:Duncan Etienne Pieterse
Signed at:2025-08-23 17:59:19 +02:00
Reason:Witnessing Duncan Etienne Pieterse

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DATE: 23/08/25

ANNEXURE A: SURPLUS RETENTION REQUEST TEMPLATE AND FORMULA

[Entity Name]¹

MOTIVATION FOR RETENTION OF SURPLUS FUNDS – FOR FINANCIAL YEAR ENDING [DATE]

1) Introduction

[Entity Name] hereby requests approval from the [National/Provincial] Treasury to retain cash surpluses amounting to R[amount] from the financial year ending [date]. The cash surpluses have arisen because of [brief explanation]. These funds are required to meet committed obligations and strategic initiatives in the upcoming financial year as outlined in this motivation.

2) Calculation of the cash surplus

Description	Amount (R)
Total cash and cash equivalents at year-end*	xxx
Plus: Current receivables expected to be collected*	xxx
Less: Current liabilities*	(xxx)
Less: Ringfenced funds (conditional grants, donor funding)	(xxx)
Less: Contracted project payments (included in retention request)	(xxx)
Net available cash surplus	xxx

Note: Contracted project payments deducted above represent legally binding obligations entered into before year-end that have not yet resulted in accounting liabilities but are the basis of the retention request, where:

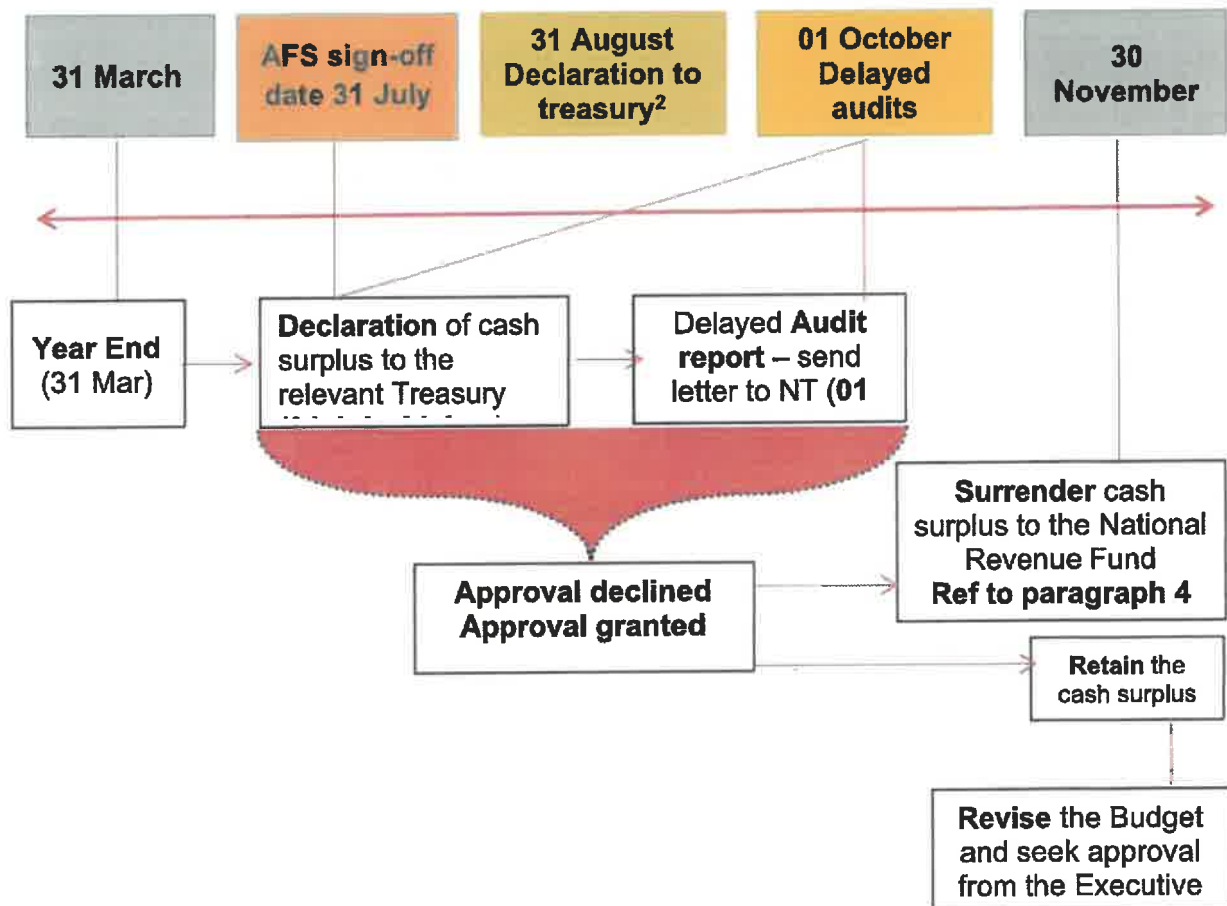
- the project or procurement process has been formally approved in line with the entity's governance procedures.
- the contractual obligation to pay exists, even though the goods and services will be delivered or payment will be made in the following financial year.
- the commitment is not recognised as a liability or accrual in the financial statements but can be substantiated with supporting documentation (e.g. signed contracts, purchase orders, project schedules, Treasury approval where applicable).
- the expenditure is not funded from conditional grant or donor funding already excluded elsewhere in the surplus calculation.

The **current liabilities** figure excludes any provision recognised, per GRAP 19 on Provisions Contingent Liabilities and Contingent Assets, by the entity in its annual financial statements for the surrender of surplus funds to the relevant treasury.

*A breakdown of these line items with cross-referencing to the audited annual financial statements where relevant should be included below this calculation in section 2 of the submission.

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PROCESS TO BE FOLLOWED BY ACCOUNTING AUTHORITIES WHEN DECLARING AND SURRENDERING CASH SURPLUS BY TRADING ENTITIES AND PUBLIC ENTITIES LISTED IN SCHEDULE 3A AND 3C TO THE PFMA¹



² Submission date for the 2024/25 financial year is extended to 15 September 2025.