



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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**TRANVERSAL CONTRACTING**

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Ref: RT3-2022

To: Participants and Suppliers

**AMENDMENT 12**

**LEASE EXTENSION POST TRANSVERSAL CONTRACT EXPIRY**

**TRANSVERSAL CONTRACT RT3-2022 FOR THE SUPPLY, DELIVERY, INSTALLATION, COMMISSIONING AND MAINTENANCE OF OFFICE AUTOMATION SOLUTIONS TO THE STATE FOR THE PERIOD 1 APRIL 2022 TO 31 MARCH 2026**

Section 10 of the Special Conditions of Contract provides for lease extensions post the expiry of the initial lease of thirty-six (36) months.

Participants to note that there can never be a shorter lease on the transversal contract than the minimum of thirty-six (36) month.

The National Treasury facilitates transversal contracts to better manage the Government purse. Treasury Regulation 13.2.4 states that the Accounting Officer of an institution may, for the purposes of conducting the institution's business, enter into lease transactions without any limitations provided that such transactions are limited to operating lease transactions.

The Office Automation Solutions leased on RT3 have a useful life beyond the 36months lease period. It is on this basis that National Treasury affords Government institutions an opportunity to save substantial budgets by not paying monthly leases on extended leases and rather re-channel those funds to other economic realities of the Government Institutions.

By having a new transversal contract (RT3-2022), National Treasury ensures that Government institutions always have a valid transversal contract to fulfil printing and shredding needs. A new transversal contract is not concluded with the intention to allow Government institutions to incur fruitless and wasteful expenditure unnecessary whereas Government institutions can continue to make use of the leased Office Automation Solutions at less value than the original lease. Availability of a new RT3-2022 does not mean Government Institutions must always be procuring/leasing even when the leased Office Automation Solutions are still functional (serving the purpose) at great savings but only paying for usage.



Fruitless and wasteful expenditure as an expenditure which is made in vain and would have been avoided had reasonable care been exercised should be avoided at all times when such opportunities like RT3-2022 extension offers. It would be justifiable where the leased Office Automation Solution is not functional anymore and problematic to lease new Office Automation Solutions on a valid transversal contract.

PFMA Section 38 (1) (c) (ii) states that the accounting officer must take effective and appropriate steps to prevent fruitless and wasteful expenditure.

Section 45(c) of the PFMA requires an official of a department and constitutional institution to take effective and appropriate steps to prevent fruitless and wasteful expenditure within that official's area of responsibility.

The extension of leases from the transversal contract is meant to help Government Institutions save on budgets and manage them better. Therefore the lease extensions on RT3-2022 shall be effected as per the below Table in line with details on Section 10 of the Special Conditions of Contract:

Transversal Contract Years	Transversal Contract Period	Initial 36 Months of Lease Period	Lease Extension Period	
Transversal Contract Year 1	01 Apr 2022 to 31 Mar 2023	01 Apr 2022 to 31 Mar 2025	Full 24 months or up to 31 March 2028	24
Transversal Contract Year 2	01 Apr 2023 to 31 Mar 2024	01 Apr 2023 to 31 Mar 2026	Up to 31 March 2028	24
Transversal Contract Year 3	01 Apr 2024 to 31 Mar 2025	01 Apr 2024 to 31 Mar 2027	Up to 31 March 2028	12
Transversal Contract Year 4	01 Apr 2025 to 31 Mar 2026	01 Apr 2025 to 31 Mar 2028	No Extension Applicable	0

It must be noted that the transversal contract period must not be confused with the lease period (the 2 middle columns) as these periods differ dependent on when the lease commenced during the validity of the transversal contract.

The lease schedule caters for the extension period; however the Supplier may draft a one (1) page Addendum linked to the Participation Agreement that details the extension provision of the cost per copy charges with no lease payments and the Office Automation Solution/s being extended.

Regards,

**MS KWANELE MTEMBU  
FOR CHIEF DIRECTOR: TRANSVERSAL CONTRACTING  
OFFICE OF THE CHIEF PROCUREMENT OFFICER  
DATE: 22 DECEMBER 2022**