



**national treasury**

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National Treasury  
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**TRANVERSAL CONTRACTING**

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Ref: RT3-2018

To: Participants

**AMENDMENT 36**

**EXTENSION OF LEASES**

**TRANSVERSAL CONTRACT RT3-2018 FOR THE SUPPLY, DELIVERY, INSTALLATION, COMMISSIONING AND MAINTENANCE OF OFFICE AUTOMATION SOLUTIONS TO THE STATE FOR THE PERIOD 1 OCTOBER 2018 TO 30 SEPTEMBER 2021**

1. The National Treasury facilitates transversal contracts to manage Government purse better. 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.
2. The machines 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 rentals on extended leases and rather rechanneling those funds to other economic realities of the institutions.
3. By having a new transversal contract whilst leases from a previous RT3 are still active, 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 machines at less value than the original lease. Availability of a new RT3 does not mean Government institutions must always be procuring/leasing even when the leased machines are still functional (serving the purpose) at great savings but only paying for usage.
4. 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 extension offers. It would be justifiable where the lease machine is not functional anymore and problematic to lease a new machine from a valid RT3 transversal contract.

5. 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.
6. The extension of leases is meant to help Government institutions save on budgets and manage them better hence the provision of the mandatory extension as outlined on the following RT3-2018 guidance documents:
  - 6.1. Contract Circular, section 3,
  - 6.2. Annexure A Special Conditions of Contract, section 19, and
  - 6.3. Annexure G Procurement Guideline, section 6.

Kind Regards,

**MS KWANELE MTEMBU**

**FOR CHIEF DIRECTOR: TRANSVERSAL CONTRACTING  
OFFICE OF THE CHIEF PROCUREMENT OFFICER  
DATE: 11 OCTOBER 2022**