



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

RT52-2024

**REQUEST FOR INFORMATION REGARDING (RFI) THE PROVISION OF FULL
MAINTENANCE LEASE, MEDIUM- AND LONG-TERM VEHICLE RENTALS; AND
CHAUFFEUR DRIVE SERVICES TO THE STATE**

**CLOSING DATE FOR SUBMISSION OF INFORMATION: 20 SEPTEMBER 202 AT
11h00 AM**

1. INTRODUCTION AND BACKGROUND

- 1.1 The Office of the Chief Procurement Officer (OCPO) within the National Treasury (NT) is currently involved in a process to establish a new transversal term contract for the contract for the Request for Information Regarding (RFI) The Provision of Full Maintenance Lease, Medium- and Long-Term Vehicle Rentals, and Chauffeur Drive Services to the State. Therefore, the Chief Directorate: Transversal Contracting is in the process of undertaking research and developing a sourcing approach for this commodity.
- 1.2 There is a need to consult the industry as one of the procurement stakeholders has been identified and therefore the industry consultation session is advertised in on www.etenders.gov.za for the period 28 August 2024 – 20 September 2024.
- 1.3 All enquiries must be sent via email to Sithembiso.mahlalela@treasury.gov.za not later than 16 September 2024.

2. PURPOSE OF THE REQUEST FOR INFORMATION

Background: Transversal Contracting Unit within the Office of the Chief Procurement Officer

- 2.1 In terms of regulation 16A6.5 of the Treasury Regulations, *"The accounting officer or accounting authority may opt to participate in transversal term contracts facilitated by the relevant treasury. Should the accounting officer or accounting authority opt to participate in a transversal contract facilitated by the relevant treasury, the accounting officer or accounting authority may not solicit bids for the same or similar product or service during the tenure of the transversal term contract"*.
- 2.2 In terms of the Treasury Regulations, participation in Transversal Term Contracts is a voluntary option. However, should organs of the state opt to participate in transversal term contracts they may not solicit the same or similar products or services outside the contract during the tenure of the transversal term contract.
- 2.3 National Treasury's Transversal Contracting Unit facilitates Transversal Term Contracts on behalf of organs of the state by the abovementioned regulation. The contracts are facilitated where the commodity is strategic in nature and/or there is more than one organ of the state with similar procurement requirements. The process of transversal contracting ensures that transversal contracts give the state value for money in that it ensures the following:

- 2.3.1 **Standardisation or consolidation of state requirements:** Transversal contracts ensure that the state standardises and consolidates its procurements requirements and reduces cases of various organs of state procuring similar products or services from the same manufacturers/suppliers under different specifications and contract conditions that lead to various pricing options. Different pricing options are reduced as various state institutions have the same requirements by participating in Transversal Term Contracts.
- 2.3.2 **Benefit from Economies of Scale:** The arrangement of Transversal term Contracts provides the state with benefits that are derived through the concept of Economies of Scale. With this concept, service providers are guaranteed high quantities due to the participation of various organs of the state. With high volumes, service providers are in a better position to pass through to the state some of the benefits that they derive due reduction of production costs that are associated with bulk production.
- 2.3.3 **Reduce duplication of procurement efforts:** By participating in transversal term Contracts, the state eliminates too many points of procurement for the same products or services in that those affected organs of the state consolidate their requirements and they are issued under one procurement process. This process saves time and reduces the resources that are invested in each procurement process.
- 2.4 The process of putting Transversal Term Contracts in place provides for the establishment of cross-functional teams (Specification and Evaluation Committees) that are made of officials of the National Treasury, participating organs of the state(s), and regulatory institutions where necessary. Once the cross-functional team is put in place, it will be responsible for the drafting of the commodity specifications and Terms of Reference (TOR) / Special Conditions of Contract (SCC).
- 2.5 The development of TOR/SCC would also include industry analysis, hence the RFI process where price benchmarks are made against the private sector prices.

Purpose of issuing a request for information

- 2.6 The purpose of this Request for Information (RFI) is to solicit industry and commodity information from role players (service providers) in the vehicle lease industry to assist the National treasury to put in place a transversal term contract for Vehicle Full Maintenance Lease.

2.7 The information obtained from the industry will assist the National Treasury with drafting TORs that are industry related and ensure that the state obtains relevant and cost-effective services.

2.8 It must be pointed out that this **is not a bid/tender** but an industry consultation on the commodity dynamics and considerations.

Information considerations

2.9 Role players are advised to consider the following elements when providing information to the state regarding this commodity:

2.9.1 **Contract duration**

- a) This relates to the average vehicle lease contract duration that the industry normally adopts given various reasons.
- b) The contract duration should be for a period of 5 years.
- c) What are the benefits or disadvantages of having a lengthy lease contract.

2.9.2 **Pricing models**

- a) Role players are requested to provide information regarding various pricing or financing options that are available in the industry.
- b) This relates to the cost structures that are involved in the vehicle lease industry to assist customers (the state in this case) to be able to arrive at generally acceptable Total Cost Analysis to make well informed vehicle leasing decisions.

2.9.3 **Maintenance options**

- a) The Competition Commission issued Guidelines for Competition In The South African Automotives Aftermarkets, and as such industry role players in the automotive industry are expected to adhere to the guidelines when dealing with their customers.
- b) Information is therefore requested to provide details as to how the vehicle lease industry deals with the provision of in-warranty service, maintenance and repairs that might have an influence on the state how it contracts for vehicle leasing.

2.9.4 **Provision of fuel, oil, tolls, and tracking**

- a) The state currently has a Transversal Term Contract for fleet management and one of the service offerings is the provision of fuel card that pays for

fuel, oil, tolls, and tracking. It is important therefore that the industry provides information on how the vehicle lease industry generally deals with fuel, oil, tolls, & tracking, and how this can be integrated into a system that the state currently has.

- b) This information deals with how the cost of a vehicle lease will be affected if the state organises its own fuel, oil, tolls, and tracking against when this is a provision in the leasing agreements.

2.9.5 **Scalability of leasing options**

- a) There are different organs of state with different mandates that might require different vehicle leasing solutions. Information relating to how scalable leasing options are will be critical as the state might find it important to have different vehicle leasing options for different organs of the state to fulfil their mandates.
- b) To what extent could leasing options provide for conversions of different vehicles for different purposes while under a lease regime. E.g., can immigration, police departmental branded vehicles be able to be adopted into the lease options given the modifications that must take place for such vehicles as they must be identifiable.



- c) Should this type of modification be allowable in the leasing space how would vehicles be handled, decommissioned, or disposed of various brandings after the expiry of leasing contracts.

2.9.6 **Risk considerations for vehicle full maintenance lease**

- a) Provide the details of all risk considerations that the state must consider when venturing into these lease options.
- b) Insurance provisions given the state approach towards paying of insurance as guided by chapter 12 of the Treasury Regulations.

2.9.7 Other service

a) Monthly Reporting

- i) What type of reporting is provided and what are the cost implications
- ii) Any system integrations required.
- iii) Web-based information portal or App to provide data?

b) Fine management

- i) Information about fine management and cost implications.

c) License (disk) renewals

- i) Details regarding vehicle licence (disk) renewals.

d) Vehicle categories or classes

- i) What type of vehicle categories or classes are provided?
- ii) How are the categories provided?
- iii) Can the state provide its own categories and scalability?

e) Travel limitations on vehicles

- i) Are there any monthly or quarterly kilometres limitations that are provided and how scalable is this provision?
- ii) Availability of kilometre limitation options and how they affect costing.

3. SUBMISSION OF DOCUMENTS

3.1 Interested Companies are requested to submit all the documents including **Annexure A via the E-Tenders portal** at the closing date and time of the RFI **20 September 2024 at 11h00 AM**.

3.2 No documents are to be submitted via email.

3.3 No documents are to be submitted to the National Treasury Physical Address.

Kinds Regards,


MULATEDZI RAUDZINGANA
DIRECTOR: FLEET MANAGEMENT
DATE: 27 AUGUST 2024