



Enquiries : Mrs G. Orsmond
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Reference : T6/17/P

TO: ALL HEADS OF DEPARTMENT
MEMBERS OF THE MOTOR TRANSPORT ADVISORY COMMITTEE
ALL DEPARTMENTAL TRANSPORT OFFICERS

PROVINCIAL TRANSPORT MANAGEMENT (PTM) CIRCULAR NO 2 OF 2007: DISPOSAL OF STATE OWNED VEHICLES: PROVINCE OF KWAZULU-NATAL

1. As you are aware, vehicles identified for Board of Survey (BOS) are currently transported to the nearest Department of Transport Fleet Services for auctions which are held on the Fleet Services' premises. This has posed the risk of vehicles being vandalised, stolen, stripped etc. This has been of great concern because the condition of the vehicles in turn, adversely affects returns on the sale of vehicles on BOS.
 2. In order to address the aforementioned risk, it was decided that the BOS process will be de-centralised with greater responsibility being placed on the auctioneer and User Departments. Vehicles will be transported directly to the auctioneer's premises and all administrative matters surrounding the auction of the vehicle will be undertaken by either the Department (including setting of reserve prices in terms of the formula stipulated in the policy on depreciation of state-owned vehicles) and/or the auctioneer. The Motor Transport Services (MTS) Directorate within the Department of Transport (DOT) will only be responsible for the de-registration of the vehicle.
 3. Tenders were invited for the above function, and it was ultimately found that upon inspection of the premises of some of the tenderers (auctioneers), premises were totally unsuitable for auctioneering purposes, and in some instances, premises were non-existent. In light hereof, the Bid Evaluation Committee could not make any suitable recommendations. Other options therefore had to be considered.
 4. The problems experienced with the disposal of vehicles has been the subject of discussion at the Province's Motor Transport Advisory Committee (MTAC) and Departmental Transport Officer (DTO) Forum Meetings. At the DTO Forum held on 12 December 2006, it was proposed that Departments should decide on the manner of disposal of their assets at Departmental level. This is further supported by the fact that Departments purchase their own vehicles (budgeted expenditure), and also the provisions of the Public Finance Management Act (PFMA), 1 of 1999 and the responsibility and accountability that it places on Accounting Officers in respect of, *inter alia*, the management of departmental assets.
 5. Further, Paragraph 16A of the Treasury Regulations to the PFMA states the accounting officer of an institution must develop and implement an effective and efficient supply chain management system in his or her institution for, *inter alia*, the disposal and letting of state assets, including the disposal of goods no longer required. The supply chain management system referred to must provide for, *inter alia*, disposal management. In addition, disposal of movable assets must be at market-related value of by way of price quotations, competitive bids or auction, whichever is most advantageous to the state, unless determined otherwise by the relevant treasury.
 6. In light of the above, the Department of Transport will no longer be arranging for the disposal of state-owned vehicles in this Province with effect from 1 April 2007. Departments will be responsible for the disposal of their
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MOTOR TRANSPORT SERVICES DIRECTORATE

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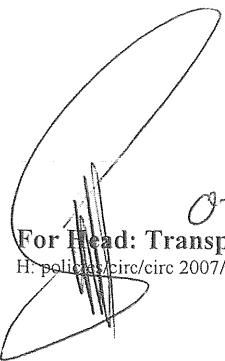
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vehicles by whatever means is the most advantageous to the relevant Department and ultimately the state. The MTS Directorate within the DOT will however continue to facilitate the deregistration of the vehicles upon request, as the Department of Transport is currently the legally appointed titleholder, of the Kwazulu-Natal Provincial Fleet, although the respective Departments are the owners.

7. Submitted for your urgent attention.



07-2-19
For Head: Transport

H. poliso/circ/circ 2007/PTM Circular 2 of 2007. Disposal of state owned vehicles: province of Kwazulu-Natal

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