

EXHIBIT C
04 (JAN-MARCH)

DEVIATIONS

P1-86.



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9 March 2020

The Office of the Chief Procurement Officer
National Treasury
240 Madiba Street
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0001

Tel: +27 (12) 315 5845

Email: Thabile.Khame@treasury.gov.za

Dear Ms Khame

DEVIATION REQUEST TO ENTER INTO A LEASE AGREEMENT WITH MOWANA PROPERTIES PTY LTD FOR SABC MTHATHA OFFICE FOR A PERIOD OF THREE (3) YEARS

1. Purpose

The purpose of this submission is to request approval to deviate and enter into a new contract for SABC Mthatha Office with Mowana Properties Pty Ltd for a period of three (3) years starting from 1 April 2020 at an amount of **R5,636,512.85** including VAT.

2. Background

The SABC Mthatha offices and studios are leased from The Government Employees Pension Fund represented by Mowana Properties Pty Ltd who is managing the property. The SABC is operating from a 16th Floor of a 23 story PRD building. The SABC Mthatha relocated to the PRD building in 2014 after the premises it was initially operating from were declared OHS non-compliant. SABC has a staffer who is physically challenged. The lease was for a period of five (5) years effective 1 March 2014 terminated on 28 February 2019.

The PRD building is a National Key Point with 12 floors rented by SAPS which enhances protection to the SABC staffers. The SABC leased an area measuring 742 sqm² and was an open plan environment during lease inception in 2014. A make-shift studio had to be set up in a boardroom facility then. The provincial SABC management embarked on

South African Broadcasting Corporation SOC Limited: Registration Number: 2003/023915/30
Non-Executive Directors: Mr B E Makhathini (Chairperson); Ms M Mohlala-Mulaudzi (Deputy Chairperson); Prof S Cooper; Adv M B B Lekalakala; Mr D M Maimela; Mr M G Markovitz; Mr D K Mohuba; Ms B Muthien; Ms J Patel; Mr J H Phalane; Ms M B Papayya; Dr M Socikwa
Executive Directors: Mr M T Mxakwe (Group Chief Executive Officer); Mr I C Plaatjes (Chief Operations Officer); Ms Y van Bijl (Chief Financial Officer); Company Secretary: Ms L V Bayi

refurbishment projects which entail building of 2 x digital studios, producers' room, edit facilities for TV and Radio. Included in the project was partitioning of offices, implementation of security systems with biometric access, fire alarm system, Reception and TV licence area refurbishment. All the studios are digital in line with other studios provincially. The project was closed off in August 2017.

These premises are mainly used by Umhlobo Wenene, Tru-FM, Logistics, Sales & Marketing, TV Licence and News staffers. Some of Umhlobo Wenene FM programmes are coming from Mthatha on specific days as well as Tru-FM broadcasting on a weekly basis from Mondays to Fridays.

3. Motivation to deviate

The Office rental space or commercial rental of a property is a challenge at Mthatha due to the geographic factor. The only commercial premises SABC could find are warehouses (open plan/hall) in the industrial area and it is under the administration of Lew Geffen Southey's International Realty at Vulindlela Industrial Heights, Mthatha and measuring:


- (9.128m² and for sale at an amount of R 100 000,000),
- (4791m² and for sale at an amount of R15 000 000) and
- (7.106m² and for sale at an amount of R15 000 000)

The rental offices are not in a great location, with different old buildings consists of small size/s per square metre that will be impossible to accommodate all the studios areas, offices and boardroom the SABC is currently renting. Furthermore, the SABC would have to invest in customising the warehouse/s for its needs whilst it has already invested where it operates from.

The PRD Mthatha Building a current premise, where SABC is renting is the only well maintained, NKP Compliant and health and Safety compliant building. Twelve floors of the same building are rented by SAPS which ensures safety. The monthly rental where SABC is renting currently is R130 per m² for 724m². The rented space is sufficient for SABC studio, TV& Radio Edit facilities, offices, reception, TV Licence Office and Boardroom. The SABC has already embarked on a project of approximately R5 800 000.00 to customise the PRD facility. The move to alternative premises would require a financial injection to customise the facility for SABC Broadcasts and office requirement needs.

4. Risk

If the SABC does not enter into the lease agreement with Government Employees Pension Fund represented by Mowana Properties (Pty) Ltd, operations in Mthatha will be adversely effected. The staff mostly news, Umhlobo Wenene FM, Tru-FM, Logistics and Sales & Marketing staff will have to be relocated elsewhere. This will have adverse cost implications in the already financially strained organisation.


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5. Financial Implications

MOWANA PROPERTIES PAYMENTS

Previous Contract from 01 March 2014 to 28 February 2019

YEAR	MONTHLY	INCREASE	TOTAL (Excl. VAT)
		9%	
Year 1	88,268.00		1,059,216.00
Year 2	96,212.12		1,154,545.44
Year 3	104,871.21		1,258,454.52
Year 4	114,309.61		1,371,715.32
Year 5	124,597.47		1,495,169.64
			R6,339,100.92

April 2019 to March 2020

YEAR	MONTHLY	INCREASE	TOTAL
		0%	
Year 1	124,597.47		1,495,169.64
			R1,495,169.64 Excluding vat


Note: The above amount had a zero % increase (there is no official contract in place since the previous one expired however the SABC is still occupying the space. The payments in this regard were declared as Irregular Expenditure)

Estimated Cost for the new contract

April 2020 to March 2023

YEAR	MONTHLY	INCREASE	TOTAL (Excl. VAT)
		9%	
Year 1	124,597.47		1,495,169.64
Year 2	135,811.24		1,629,734.88
Year 3	148,034.25		1,776,411.00
			R4,901,315.52


Note: The above estimated amount does cater for an annual increase of 9% The increase depends on the landlord and it has been 9 % from the inception of the contract.


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6. Recommendation

- It is recommended that the permission be granted to deviate from the normal procurement process and enter into a new contract for the SABC Mthatha Office with Mowana Properties Pty Ltd for a period of three (3) years starting from 1 April 2020 at an amount of **R5,636,512.85** including VAT.
- The SABC acknowledges its obligation to ensure that any goods and services are in accordance with a procurement system which is fair, equitable, transparent, competitive and cost effective.

Prepared by:




Israel Vele
Demand Manager (Acting)

13-03-2020

Date

Supported for submission by:



Irene Marutla
Head of Supply Chain Management (Acting)

13/03/2020

Date



Yolande van Biljon
Chief Financial Officer

14/3/20

Date



Madoda Mxakwe
Group Chief Executive Officer

18/3/2020

Date



national treasury

Department:

National Treasury

REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 - Tel: (+27 12) 315 5111

Enquiries: Thabile Khame Tel: (012) 315 5827 Fax: 012 326 5445 Email: thabile.khame@treasury.gov.za

Ref: 43/2/5/1

Mr. Madoda Mxakwe
Group Chief Executive Officer
South African Broadcasting Corporation
Private Bag X1
AUCKLAND PARK
2006

Email: marutlai@sabc.co.za

Dear Mr. Mxakwe

DEVIATION FROM THE NORMAL PROCUREMENT PROCESS – APPOINTMENT OF MOWANA PROPERTIES (PTY) LTD

1. The National Treasury acknowledges receipt of your application dated 19 March 2020.
2. The South African Broadcasting Corporation (SABC) is requesting approval to deviate from the normal bidding process for the procurement of the SABC Mthatha Office Lease for a period of three (3) years (1 April 2020 to 31 March 2023), in the amount of R5 636 512.85.
3. The deviation was recommended by the Group Chief Executive Officer on 18 March 2020.
4. The reason provided for the deviation is that office rental space or commercial rental of a property is a challenge at Mthatha due to the geographic factor. The only commercial premises SABC could find are warehouses open plan/hall. SABC would have to invest in customising the warehouse/s for its needs whilst it has already invested at its current premises. The move to alternative premises would require a financial injection to customise the facility for SABC broadcasts and office requirement needs.
5. The reason provided for the deviation is justifiable.
6. The National Treasury supports the deviation on condition that the rate per square meter is market related.
7. The entity has an obligation to ensure that any contract for goods and services is in accordance with a system which is fair, equitable, transparent, competitive and cost effective.
8. The award must be published on the e-tender portal/tender bulletin.

Kind regards,

ESTELLE SETAN

ACTING CHIEF PROCUREMENT OFFICER

DATE: 24/3/2020





SOUTH AFRICAN BROADCASTING CORPORATION LIMITED SOC
REGISTRATION NUMBER 2003/023915/30

DEVIATION REPORT

1. DIVISION / DEPARTMENT REQUESTING THE SUBMISSION

Mthatha Provincial Office

2. TITLE OF SUBMISSION/o

New contract for Mthatha Office Space

3. PURPOSE

The purpose of this submission is to request approval to deviate and enter into a new contract for SABC Mthatha Office with Mowana Properties Pty Ltd for a period of three (3) years starting from 1 April 2020 at an amount of R 4,901,315.52 excluding VAT.

4. BACKGROUND

The SABC Mthatha offices and studios are leased from The Government Employees Pension Fund represented by Mowana Properties Pty Ltd who is managing the property. The SABC is operating from a 16th Floor of a 23 story PRD building. The SABC Mthatha relocated to the PRD building in 2014 after the premises it was initially operating from were declared OHS non-compliant. SABC has a staffer who is physically challenged. The lease was for a period of five (5) years effective 1 March 2014 terminated on 28 February 2019.

The PRD building is a National Key Point with 12 floors rented by SAPS which enhances protection to the SABC staffers. The SABC leased an area measuring 742 sqm² and was an open plan environment during lease inception in 2014. A make-shift studio had to be set up in a boardroom facility then. The provincial SABC management embarked on refurbishment projects which entail building of 2 x digital studios, producers' room, edit facilities for TV and Radio. Included in the project was partitioning of offices, implementation of security systems with biometric access, fire alarm system, Reception and TV licence area

refurbishment. All the studios are digital in line with other studios provincially. The project was closed off in August 2017.

These premises are mainly used by Umhlobo Wenene, Tru-FM, Logistics, Sales & Marketing, TV Licence and News staffers. Some of Umhlobo Wenene FM programmes are coming from Mthatha on specific days as well as Tru-FM broadcasting on a weekly basis from Mondays to Fridays.

5. SCOPE OF WORK

- Contract for office space.

6. REASON TO DEVIATE

The only commercial premises SABC could find are warehouses (open plan/hall) in the industrial area and it is under the administration of Lew Geffen Southey's International Reality at Vulindlela Industrial Heights, Mthatha and measuring:

- (9.128m² and for sale at an amount of R 100 000,000),
- (4791m² and for sale at an amount of R15 000 000) and
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The rental offices are not in a great location, with different old buildings consists of small size/s per square metre that will be impossible to accommodate all the studios areas, offices and boardroom the SABC is currently renting. Furthermore, the SABC would have to invest in customising the warehouse/s for its needs whilst it has already invested where it operates from.

The PRD Mthatha Building a current premise, where SABC is renting is the only well maintained, NKP Compliant and health and Safety compliant building. Twelve floors of the same building are rented by SAPS which ensures safety. The monthly rental where SABC is renting currently is R130 per m² for 724m². The rented space is sufficient for SABC studio, TV& Radio Edit facilities, offices, reception, TV Licence Office and Boardroom. The SABC has already embarked on a project of approximately R5 800 000.00 to customise the PRD facility. The move to alternative premises would require a financial injection to customise the facility for SABC Broadcasts and office requirement needs.

7. VENDOR SELECTION

The Office rental space or commercial rental of a property is a challenge at Mthatha due to the geographic factor.

8. FINANCIAL IMPLICATION

MOWANA PROPERTIES PAYMENTS

Previous Contract from 01 March 2014 to 28 February 2019

YEAR	MONTHLY	INCREASE	TOTAL
		9%	
Year 1	88,268.00		1,059,216.00
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Year 4	114,309.61		1,371,715.32
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March 2019 to February 2020

YEAR	MONTHLY	INCREASE	TOTAL
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			1,495,169.64 Excluding vat

Note: The above amount had a zero % increase (there is no official contract in place since the previous one expired however the SABC is still occupying the space. The payments in this regard were declared as Irregular Expenditure)

Estimated Cost for the new contract

March 2020 to February 2023

YEAR	MONTHLY	INCREASE	TOTAL
		9%	
Year 1	124,597.47		1,495,169.64
Year 2	135,811.24		1,629,734.88
Year 3	148,034.25		1,776,411.00
			4,901,315.52 Excluding vat

Note : The above estimated amount does cater for an annual increase of 9% The increase depends on the landlord and it has been 9 % from the inception of the contract.

9. REASONABLENESS OF PRICE

PROPERTY	Place/Street	METRE SQUARE	RATE PER METRE SQUARE
Rent from Owner	50 Madeira street, Mthatha	18 m ²	R150 per m ²
TrueProp	47 Leeds street, Mthatha	41 m ² @ R5799	R141 per m ²
Leeds street Property	50 Leeds street, Mthatha	32 m ² @ R2560	R80 per m ²
Madeira street Property	50 Madeira street, Mthatha	28 m ²	R150 per m ²
TrueProp	Mthatha CBD	103 m ² @ R16 068	R156 per m ²
ERA Real Estate	Sunderland Shopping Center	120 m ²	R120 per m ²
ERA Real Estate	Mthatha CBD	24 m ² @ R7500	R312 per m ²
SABC Mthatha Office		724 m ²	R 172 per m ²

Based on the 7 properties assessed on the property24 website, the average rent is R158 per m² whilst SABC is paying R172 per meter square.

10. COMPLIANCE WITH SCM REGULATION/S AND/ OR SABC POLICIES.

Description	Status	Comments
SCM Instruction Note 3 of 2016/17	Comply	Preferred supplier
SCM Instruction Note 9 of 2017/18	Comply	Tax Compliant
BBBEE	Comply	3
Delegation of Authority	Comply	Approval is requested in line with section F of DAF
Central Supplier Data Base	Comply	
Completed Foreign supplier tax	N/A	N/A
TV Licenses for Company and Directors	Comply	Attached

11. LEGAL IMPLICATIONS

A formal contract will be concluded between the SABC and Mowana Properties Pty Ltd.

12. RISKS AND MITIGATIONS

If the SABC does not enter into the lease agreement with Government Employees Pension Fund represented by Mowana Properties (Pty) Ltd, operations in Mthatha will be adversely effected. The staff mostly news, Umhlobo Wenene FM, Tru-FM, Logistics and Sales & Marketing staff will have to be relocated elsewhere. This will have adverse cost implications in the already financially strained organisation.

13. IMPLEMENTATION PLAN / DELIVERABLES

As soon as the contract is signed.

14. ACCOMPANYING / SUPPORTING DOCUMENTS

- Annexure A - SABC submission to National Treasury
- Annexure B - Response from National Treasury
- Annexure C - Previous contracts
- Annexure D - CSD Report

15. RECOMMENDATION

- It is recommended that the Acting Head of SCM approves the request to enter into a new contract with Mowana Properties Pty Ltd for SABC Mthatha Office for a period of three (3) years starting from 1 April 2020 at an amount of R 4,901,315.52 excluding VAT. The Deviation Request must also be submitted to the BAC for noting
- It is recommended that SCM negotiate the price per square meter with the service provider to ensure it is market related.
- It is further recommended that the Head of SCM and the PGM be duly authorised to sign the contract documentation on behalf of the SABC.


16. SIGNATURES

Prepared by:



Israel Vele

Sourcing Specialist



Date

Supported for submission by:



Rubendra Naidoo

GM: SCM Strategic Sourcing (Acting)

31 March 2020

Date

N Singh

Nirvana Singh

GM: SCM Governance

31 March 2020

Date

Approved by:

Irene Marutla

Irene Marutla

Head: SCM (Acting)

Date



Office of Company Secretary
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7 April 2020

TO WHOM IT MAY CONCERN

EXTRACT OF THE DRAFT MINUTES OF THE BID ADJUDICATION COMMITTEE MEETING, HELD ON MS TEAMS ON 7 APRIL 2020

2.1 Deviation Request for SABC Mthatha Office Lease

RESOLVED that:

- (1) The deviation request to enter into a new contract with Mowana Properties (Proprietary) Ltd with respect to the SABC Mthatha Offices, for a period of three years commencing 1 April 2020, at an amount of R 4 901 315,52 (exclusive of VAT), be and is hereby approved.
- (2) The Head of SCM is hereby mandated to negotiate the price per square meter with the service provider outlined above to ensure it is market related;
- (3) The Head of SCM is hereby required to submit a negotiation feedback report on the SABC Mthatha Office Lease matter, including the application of the rental calculation formula used by DPW in an effort to further ensure the reasonability of the rates and the maintenance status quo as well as the way forward in light of the extension of the contract, at the next BAC Meeting scheduled for May 2020;
- (4) The Head of SCM and the PGM: Eastern Cape are hereby duly authorised to sign the contract documentation outlined in Resolution (1) above, on behalf of the SABC.

Certified a true extract of the Minutes

Yolande van Biljon

YOLANDE VAN BILJON
CHAIRPERSON OF THE BID ADJUDICATION COMMITTEE



Supply Chain Management Division
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18 March 2020

The Office of the Chief Procurement Officer
National Treasury
240 Madiba Street
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Tel: +27 (12) 315 5845

Email: Thabile.Khame@treasury.gov.za

Dear Ms Khame

DEVIATION REQUEST TO ENTER INTO A CONTRACT WITH THREE (3) TOP PERFORMING DEBT COLLECTORS AGENCIES (DCA'S) FROM THE PREVIOUS PANEL.

1. Purpose

The purpose of this submission is to request approval to deviate from normal procurement process and enter into interim contracts with the three (3) top performing Debt Collectors Agencies (DCAs) from the previous panel for a period of twelve (12) months.

2. Background

2.1 2015 Tender Process

The SABC Board approved the appointment of the following Debt Collection Agencies (DCAs) after completion of an open tender process in July 2015:

- Transaction Capital Recoveries (Proprietary) Limited (TCR)
- Van de Venter Mojapelo Attorneys Incorporated (VVM)
- Nu Debt Management (Proprietary) Limited (Nu Debt)
- Shapiro Sheik Defries and Associates (SSD)
- VeriCred Collections (Proprietary) Limited (VeriCred)
- NDS Credit Management (Proprietary) Limited (NDS)
- In-Quest Investigations (Proprietary) Limited (In-Quest)

In addition to the above seven (07) agencies, the SABC Board also approved the appointment of four (04) agencies as back-up agencies in the event of any of the seven (07)

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failing to perform during their three (03) year contract period. The SABC could terminate their contracts and replace the non-performing agencies with a back-up. The three (03) year contracts with the above seven (07) agencies were valid until 31 July 2018.

However, the SABC appointed and concluded a contract with a third party service provider (Lornavision) for a period of two (02) years from July 2015 to July 2017. One of the services rendered by Lornavision was to conduct debt collection on behalf of TV Licences. The aim of using the services of Lornavision was for Lornavision to implement a novel collections strategy for TV Licences in order to increase licence fees revenue and reduce collection costs. Due to Lornavision not achieving the objective of increasing TV Licence revenue and the collections strategy implemented by Lornavision not yielding the desired results, a decision was taken by the SABC Audit & Risk Board Committee in May 2017 to terminate the contract with Lornavision. The Lorna Vision matter was handed over to State Investigating Unit (SIU) as part of the proclamation.

During this period (July 2015 to July 2017) when Lornavision was contracted, accounts were retracted from the debt collection agencies and the SABC ceased to hand work over to them. The debt collection agencies retained paying accounts only. The debt collection agencies' contracts were still active and were not cancelled even though there was no work allocated to them anymore.

When the Lornavision contract was terminated, the TV Licences Division took a decision to handover accounts in arrears with effect from June 2017 to only three (3) best performing agencies due to the financial constraints of the SABC and for a more focused debt collection. The criteria used to identify the three (03) agencies was based on the best performing agency, the necessary capacity and infrastructure in place and the ability to start collecting on accounts immediately. The following agencies met the qualifying criteria set by the SABC and started to collect arrear TV licence fees on behalf of the SABC:

- Transaction Capital Recoveries (Proprietary) Limited (TCR)
- Van de Venter Mojapelo Attorneys Incorporated (VVM)
- Nu Debt Management (Proprietary) Limited (Nu Debt)

2.2 Contract Expansion

The contracts were extended with the three (3) agencies and were due to expire on 31 January 2019. On the 19 October 2018, the SABC wrote to the National Treasury requesting an extension of the contracts in the excess of 15% for the Debt Collectors. The SABC received a response dated 9 November 2018 supporting the expansion of the contracts for a further period until 31 March 2019 while the tender process was under way. The parallel submission was made on 13 September 2018 to National Treasury requesting approval to continue with the evaluations using the correct preference point system for **tender number RFP/TVL/18/41**. The tender was published using 80/20 preference points instead of 90/10 preference points. Unfortunately this request was not supported by National Treasury leaving the SABC with no option but to commence the tender process from start. The response in this regard was received on 04 December 2018 from National Treasury. A contract addendum for 01 February 2019 to 31 March 2019 could not be concluded without SABC Board approval due to an inquorate Board at the time and was only concluded once the new Board members were appointed.

The second request for an extension of the contract with the three (03) Debt Collection Agencies (DCA's) for the collection of arrear TV Licence fees for a period of six (06) months

from 01 April 2019 to 30 September 2019 was submitted to National Treasury on 13 March 2019. The response with reference number **Ref: 43/1/2/5/1** was received with only approval for the extension of the contracts for three (3) months instead of six (6) months.

The SABC submitted an appeal letter requesting consideration of six (6) months extension due to the following reasons:

- The SABC received forty six (46) bids for the new tender number RFP/TVL/2019/4 which closed on the 4th of February 2019. Due to the complexity and magnitude of this tender, the evaluation and award would not be concluded within three months.
- The final approval for the award of the tender would be the SABC Board of Directors and the SABC has been operating without a quorate Board since 6 December 2018.
- In the absence of the quorate Board, the SABC is able to refer the matters to the Minister of Communication, however all matters referred in this manner are still pending waiting for the appointment of the Board.
- While we are aware that the Portfolio Committee on Communications has approved 8 candidates to fill the vacant posts at the public broadcaster, the final approval is still waiting for the President to endorse.

The appeal was not supported by National Treasury as detailed in the response signed by the Chief Procurement Officer on 15 May 2019.

2.3 Activities during absence of valid contracts

The following processes are undertaken on a monthly basis to collect licence fees:

- **Data cleansing** – to update/obtain contact information
- **Data segmentation** – accounts are segmented for different and relevant communication which is dependent on the licence holder's payment history
- **SMS Campaigns** – renewal notices, reminders, communicate pay points, request to update contact details, competition SMS's etc.
- **E-mail Campaigns** - renewal notices, reminders, communicate pay points, request to update contact details, marketing messages etc.
- **Outbound calls** – follow up on accounts that received renewal notices however have not paid by the due date
- **Inbound calls** – these are in response to communication received from TV Licences or debt collection agencies. Enquiries include: pay point information, account balances, monthly arrangements and cancellation requests.
- **Debit orders**
- **Monthly instalments**
- **Mailing letters**

The TV Licence accounts that are not paid after the internal collection process are normally handed over for external debt collection 60 days after they are due for payment. The Arrear Accounts Department within the SABC is responsible for the generation of TV licence revenue via the collection of outstanding/overdue television licence fees by Debt Collection Agencies (DCA's) on the SABC's panel. This department has a complement of 6 employees who administer the debt collection process.

Internal collections were conducted by the SABC over the periods 01 April 2019 to 26 May 2019 and July 2019 to December 2019 when the DCA's were not operational. Internal

collections was at risk as from January 2020 as the contract for the SMS Service Provider had reached the maximum contract value and no further costs could be incurred.

2.4 2019 Tender Process and Award

Tender number **RFP/TVL/2019/4** was published on 18 January 2019 and closed on 4 February 2019. Due to the complexity and magnitude of this tender, the evaluation and award took long. The tender was awarded on 31 October 2019 by the SABC Board of Directors to the following bidders:

- a. Revenue Consulting (Pty) Ltd
- b. Anthony Richards & Associates (Pty) Ltd
- c. Hahn Collection (Pty) Ltd
- d. Asili Risk Management (Pty) Ltd
- e. Khumalo Masondo Inc.

The Letter of Awards and Regret Letters were sent to both successful and unsuccessful bidders over the period 5 to 7 November 2019. The contract process and negotiations with successful bidders continued over the festive seasons and were concluded early in February 2020. The main contracts and the Service Level Agreements with the five (5) new DCA's were signed in February 2020.

3. Motivation to deviate and Financial Implications

Due to low revenue currently being generated on TV Licence accounts in arrears, the SABC is losing potential revenue of R30m per month. (This was the average collections of the top three DCAs on the previous panel of DCAs). We further foresee a potential loss of R34m before the end of FY2019/20, i.e. for the month of March 2020, which cannot be recovered by the new panel of DCA's as they are not yet operational. The new DCA's will take approximately three (3) months before they are able to integrate to the SABC (February 2020 to April 2020). The new DCAs are planned to go "live" with effect from 01 May 2020 and may generate approximate revenue totalling R6.9m for the months of May and June 2020 combined. The debt collection target for the period 01 April 2020 to 30 June 2020 is R105.5m. This may result in a potential loss of R98.6m for the first three (3) months of the new fiscal, should only the new DCAs be in operation as indicated below.

DCA Targets and Projected Collections FY2020/21

MONTH	TARGET	COLLECTIONS PROJECTED FOR NEW DCAS	PROJECTED SHORTFALL
APRIL	R 35,800,000.00	R 0.00	R 35,800,000.00
MAY	R 37,600,000.00	R 2,300,000.00	R 35,300,000.00
JUNE	R 32,100,000.00	R 4,600,000.00	R 27,500,000.00
TOTAL YEAR:	R 105,500,000.00	R 6,900,000.00	R 98,600,000.00

Based on historical information of DCA's newly appointed onto SABC's panel of Debt Collectors for the first time, the average monthly collection was approximately **R9.2m** per month. Using the old DCA's performance as a guideline, the approximate projected revenue will be **R89.7m** for the first twelve months of the FY2020/21 (budget is R419m) which will

result in a projected shortfall of R329.3m. Revenue for April will be nil as integration will still be in progress. Revenue for May and June will be low as the new DCAs will be adjusting to collecting on the TV Licence product and the impact of the COVID-19 virus should also be taken into consideration (the economic impact in SA by the virus). See below:

DCA Targets and Projections FY2020/21

MONTH	TARGET	PROJECTED REVENUE OF THE NEW DCAS	SHORTFALL
APRIL	R 35,800,000.00	R 0.00	R 35,800,000.00
MAY	R 37,600,000.00	R 2,300,000.00	R 35,300,000.00
JUNE	R 32,100,000.00	R 4,600,000.00	R 27,500,000.00
JULY	R 37,900,000.00	R 9,200,000.00	R 28,700,000.00
AUGUST	R 38,800,000.00	R 9,200,000.00	R 29,600,000.00
SEPTEMBER	R 31,800,000.00	R 9,200,000.00	R 22,600,000.00
OCTOBER	R 38,300,000.00	R 9,200,000.00	R 29,100,000.00
NOVEMBER	R 44,300,000.00	R 9,200,000.00	R 35,100,000.00
DECEMBER	R 36,800,000.00	R 9,200,000.00	R 27,600,000.00
JANUARY	R 27,000,000.00	R 9,200,000.00	R 17,800,000.00
FEBRUARY	R 29,300,000.00	R 9,200,000.00	R 20,100,000.00
MARCH	R 29,300,000.00	R 9,200,000.00	R 20,100,000.00
TOTAL YEAR:	R 419,000,000.00	R 89,700,000.00	R 329,300,000.00

Should the approval to appoint the previous three (3) top performing DCAS be granted, the impact on collections in FY2020/21 will be as follows:

DCA Targets and Projected Collections FY2020/21

MONTH	TARGET	PROJECTED REVENUE OF THE NEW DCAS	PROJECTED REVENUE OLD DCAS	TOTAL PROJECTED REVENUE (NEW AND OLD DCAS COMBINED)	SHORTFALL
APRIL	R 35,800,000.00	R 0.00	R 0.00	R 0.00	R 35,800,000.00
MAY	R 37,600,000.00	R 2,300,000.00	R 15,000,000.00	R 17,300,000.00	R 20,300,000.00
JUNE	R 32,100,000.00	R 4,600,000.00	R 20,000,000.00	R 24,600,000.00	R 7,500,000.00
JULY	R 37,900,000.00	R 9,200,000.00	R 30,000,000.00	R 39,200,000.00	-R 1,300,000.00
AUGUST	R 38,800,000.00	R 9,200,000.00	R 30,000,000.00	R 39,200,000.00	-R 400,000.00
SEPTEMBER	R 31,800,000.00	R 9,200,000.00	R 30,000,000.00	R 39,200,000.00	-R 7,400,000.00
OCTOBER	R 38,300,000.00	R 9,200,000.00	R 30,000,000.00	R 39,200,000.00	-R 900,000.00
NOVEMBER	R 44,300,000.00	R 9,200,000.00	R 30,000,000.00	R 39,200,000.00	R 5,100,000.00
DECEMBER	R 36,800,000.00	R 9,200,000.00	R 30,000,000.00	R 39,200,000.00	-R 2,400,000.00
JANUARY	R 27,000,000.00	R 9,200,000.00	R 30,000,000.00	R 39,200,000.00	-R 12,200,000.00
FEBRUARY	R 29,300,000.00	R 9,200,000.00	R 30,000,000.00	R 39,200,000.00	-R 9,900,000.00
MARCH	R 29,300,000.00	R 9,200,000.00	R 30,000,000.00	R 39,200,000.00	-R 9,900,000.00
TOTAL YEAR:	R 419,000,000.00	R 89,700,000.00	R 305,000,000.00	R 394,700,000.00	R 24,300,000.00

The total projected revenue for the new DCAs and Old DCAs combined will be approximately R394.7m and the total projected shortfall will be R24.3m.

The shortfall will thus be reduced from R329.3m (if only new DCAS are collecting) to R24.3m (If both the new DCAS and the Old DCAS are collecting). A reduction of R305m.

It should be noted that the budget for collection costs for FY2020/21 is R60m excluding VAT and this amount was taking into consideration only the five (5) new DCAs. The collection costs will increase due to payment having to be paid to eight (8) DCAs instead of five (5).

3.1 Reasons the New appointed service providers are not yet operational

a. Reasons

The newly appointed DCA's are new to the SABC and have not worked on the SABC Debt Collection Agency panel in the past. The above necessitates IT integration and connectivity to the SABC. Induction meetings, IT and Operational meetings were held with the five (5) DCA's over February and March 2020. The five (5) DCA's are in the process of sourcing a point to point connection from their office to the SABC. A time frame of six (6) to eight (8) weeks has been indicated by the service provider to the DCA's before connection can take place. The DCA's need to source VPN software and an emulator to enable them to obtain access to the TV Licence mainframe system. The DCA's are all in the process of procuring the above system requirements. With the latest development of CoVid 2019, the process of obtaining the required systems might be prolonged.

A DCA can only be fully operational once the following has taken place:

- Access to the SABC file transfer programme (FTP) Server is in place
- Testing of files has been completed
- Point to point connection is in place
- Access to the TV Licence mainframe system is in place
- User access to the TV Licence mainframe system has been granted by SABC security to the DCA call centre agents and nominated staff
- Accounts have been handed over to the DCA's to collect, which can only be done once they are operational.
- Product knowledge and system training has been provided by SABC to the DCA staff, which can only take place once integration and testing has been completed.
- All DCA communication (SMS, Email, Letter, WhatsApp, etc) has been pre-approved by SABC, which will happen once the DCA's are operational.

b. Duration it will take for new DCAs to be operational

The new DCA's will take approximately three (3) months (February 2020 to 30 April 2020) before they are able to integrate to the SABC and may be operational with effect from 01 May 2020. The estimated revenue to be collected is detailed above.

c. Estimated Revenue will be generated once operational

As indicated in point 3 above, it is estimated that the new DCAs will generate a total revenue of R6.9m in the first three (3) months and thereafter an average of R9.2m per month for the rest of the fiscal. The projected revenue for the first twelve (12) months is approximately R89.7m for all five (5) DCA's combined. It should be noted that each company is different and due to no historic record, it is difficult to judge the projected performance of the new DCA's as there is no history to base same on.

d. Integration and handover by recommended previous top three DCAs

The previous three (3) DCA's will have to reconnect to the SABC as access to the FTP server was terminated on expiry of the contract. It will have to be determined whether the point to point connection can be re-activated. It will further be determined whether the previous user access granted to their collection agents can be used or whether fresh access is necessary. Refresher training (if the old SABC collection agents are still in the employ of the DCA's) or alternatively fresh product knowledge and system training will have to be provided by SABC to the DCA's in a short period. The SABC will identify and ring-fence accounts to be collected by these three DCA's. Communication previously approved by SABC can be used by the DCA's.

3.2 Business Risks

The delays in integrating the new DCA's are impacting negatively the revenue generation through TV Licence. In order to minimise the risk on revenue loss, it is essential that the deviation to re-appoint the previous top three (3) performing DCA's be approved. This will mitigate the inherent business risks to the SABC's financial resources and ensure continuity in the business. Failure to re-appointment of the previous top three performing DCA's will affect debt collection revenue negatively. The result being SABC TV Licence's failure to achieve its monthly cash revenue budgets and the global budget of R1.26bn for the new fiscal, i.e. FY2020/2021, negative impact on the SABC's overall revenues and the negative effect on funding content for television.

3.3 Motivation to re-appoint top three Performing DCAs

Debt Collection previously contributed **38.2%** towards TV Licences' overall cash revenue. TV Licence revenue on arrear has declined year on year (as at end of February 2020) by **R211m** in FY2019/20 when compared to FY2018/19 (see below). This is due to the DCA's not being in operation over the period 01 April 2019 to 25 May 2019 and from 01 July 2019 to date. The top three DCA's of the previous panel of DCAs were only operational for one month (26 May to 30 June 2019) in the FY2019/20 fiscal, hence the decline in revenue when comparing to the previous fiscal.

FY2018/19 Actual Rm'		FY2019/20 Actual Rm'		Growth	Growth %
April	R 29,556,747.13	April	R 15,058,664.54	-R 14,498,082.59	-49.05%
May	R 31,156,016.33	May	R 6,722,741.00	-R 24,433,275.33	-78.42%
June	R 32,878,590.08	June	R 31,845,047.17	-R 1,033,542.91	-3.14%
July	R 35,908,557.81	July	R 14,649,678.50	-R 21,258,879.31	-59.20%
August	R 34,824,610.84	August	R 11,480,247.20	-R 23,344,363.64	-67.03%
September	R 31,222,413.85	September	R 9,709,451.89	-R 21,512,961.96	-68.90%
October	R 32,771,860.85	October	R 9,481,265.08	-R 23,290,595.77	-71.07%
November	R 34,685,598.53	November	R 15,080,170.62	-R 19,605,427.91	-56.52%
December	R 31,993,740.52	December	R 13,815,167.47	-R 18,178,573.05	-56.82%
January	R 27,136,127.98	January	R 8,749,634.23	-R 18,386,493.75	-67.76%
February	R 29,020,180.09	February	R 3,252,820.67	-R 25,767,359.42	-88.79%
Total	R 351,154,444.01	Total	R 139,844,888.37	-R 211,309,555.64	-60.18%

The Debt Collection cash revenue collected when the three top performing DCA's were operational over the period 01 April 2018 to 31 March 2019 amounted to R383m and an amount of R32m for the period 26 May 2019 to 30 June 2019. (See below)

Collections Top Three Performing Debt Collection Agencies

Achieved FY2018/19				
Month	TCR	VVM	Nu Debt	Total
APRIL	R 9,846,842.13	R 9,536,142.45	R 10,052,294.74	R 29,435,279.32
MAY	R 9,922,596.89	R 10,120,262.92	R 10,942,446.31	R 30,985,306.12
JUNE	R 10,113,531.85	R 10,293,180.41	R 12,300,962.67	R 32,707,674.93
JULY	R 11,197,746.46	R 11,156,550.16	R 13,437,897.06	R 35,792,193.68
AUGUST	R 11,433,536.87	R 11,242,674.87	R 12,132,938.39	R 34,809,150.13
SEPTEMBER	R 10,558,793.10	R 10,255,570.64	R 10,389,504.76	R 31,203,868.50
OCTOBER	R 10,846,926.76	R 11,611,199.92	R 10,286,465.75	R 32,744,592.43
NOVEMBER	R 10,829,460.03	R 11,996,508.25	R 11,840,519.96	R 34,666,488.24
DECEMBER	R 10,634,434.50	R 10,666,312.05	R 10,671,521.04	R 31,972,267.59
JANUARY	R 8,997,550.00	R 8,941,320.13	R 9,187,156.36	R 27,126,026.49
FEBRUARY	R 10,796,926.41	R 8,921,158.01	R 9,291,215.85	R 29,009,300.27
MARCH	R 11,339,412.39	R 10,553,160.79	R 10,194,145.65	R 32,086,718.83
Total:	R 126,517,757.39	R 125,294,040.60	R 130,727,068.54	R 382,538,866.53

Collections Top Three Performing Debt Collection Agencies

Achieved FY2019/20				
Month	TCR	VVM	Nu Debt	Total
JUNE	R 10,029,894.83	R 11,112,259.51	R 10,636,925.08	R 31,779,079.42

4. Challenges with one of the recommended top three DCAs

Upon receipt of the regret letter for tender number RFP/TVL/2019/4, NuDebt Management (Pty) Ltd wrote to the SABC enquiring about the tender outcome and reason for their non-appointment. The SABC provided the detailed information on the letter send to NuDebt on 12 December 2019. The following formed part of content of the letter send to NuDebt:

1. Paragraph 3 in Document E of the tender document stated the following:

*An opportunity exists for **five (5) service providers** to collect outstanding TV licence fees on behalf of SABC. The TV licence debt book is segmented into the different debt books based on the age analysis of the debt.*

The intention of the tender was to appoint 5 service providers.

2. Paragraph 8 stated the following with regard to Price and B-BBEE evaluations:

- **PHASE 4 – PRICE AND B-BBEE** - Will be based on the lowest proposed commission and the highest B-BBEE ranking
- The 80/20 or 90/10 preference point system will be applicable, that either 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system”.

3. All service providers who met the threshold of 80 points for site visit were evaluated in line with Phase 4 of the tender document. The Price and B-BBEE was based on 90/10 preference point system. The calculation of the 90/10 preference point was done in line with the Preferential Procurement Policy Framework Act (PPPFA).

4. In line with the above, NuDebt Management (Pty) Ltd scored 5.17 points for Price, 9 points for B-BBEE and was ranked 11 out of 15 shortlisted bidders. The 5 highest ranking bidders were considered in line with the tender document.

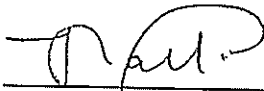
This response seemed not to be satisfactory as the SABC has since received further correspondences on 11 March 2020 from NuDebt. The document received was addressed to National Treasury Chief Procurement Officer (CPO) by the supplier. The SABC therefore assume that the original submission was submitted to the CPO.

The SABC has deliberated on this deviation request and the inclusion of NuDebt. It should be noted that this deviation does not justify the allegations made by NuDebt and if they are excluded from the recommendation it might be viewed as unfairness since they were the best performing DCA from the previous three performing DCAs.

5. Recommendation

- It is recommended that permission be granted to deviate and enter into interim contracts with the three (3) top performing DCA's from the previous panel for a period of twelve (12) months while the new appointed DCA's integrate to the SABC.
- The SABC acknowledges its obligation to ensure that any goods and services are in accordance with a procurement system which is fair, equitable, transparent, competitive and cost effective.

Requested by:



Jack Matlala

Head: TV Licence (Acting)

25/03/2020

Date

Supported for submission by:



Irene Marutla

Head of Supply Chain Management (Acting)

25/03/2020

Date

Yolande van Biljon

Chief Financial Officer

Date

Madoda Mxakwe

Group Chief Executive Officer

Date

Maronel Mulder

From: Irene Marutla <marutlai@sabc.co.za>
Sent: Wednesday, May 13, 2020 12:10 PM
To: Maronel Mulder
Subject: RE: Submissions to National Treasury - Deviation for Interim Appointment of DCAs

The approval was confirmed on the email.

Regards

Irene Marutla

From: Maronel Mulder <mulderm@sabc.co.za>
Sent: Wednesday, May 13, 2020 12:03 PM
To: Irene Marutla <marutlai@sabc.co.za>
Subject: RE: Submissions to National Treasury - Deviation for Interim Appointment of DCAs

Hi Irene

This is not signed by CFO and GCEO.

I have this one, but not the fully signed one

Maronél Mulder
Snr Secretary to Head: Supply Chain Management Office
Room 2001 | Radio Park | Henley Road | Auckland Park 2006 | Johannesburg | South Africa
Tel +27 (0)11 714 3896 | Fax +27 (0)11 714 2167 | Email mulderm@sabc.co.za
Web <http://www.sabc.co.za>



From: Irene Marutla [mailto:marutlai@sabc.co.za]

Sent: Tuesday, March 31, 2020 10:39 AM

To: 'Thabile Khame'; Egendri.nanakan@treasury.gov.za

Cc: Yolande van Biljon; Maronel Mulder; Nirvana Singh (Supply Chain Management)

Subject: Submissions to National Treasury - Deviation for Interim Appointment of DCAs

Dear Thabile

Please find attached request for your consideration. Please take a note of the electronic approval for submission below from both GCEO and CFO. Your prompt response will be highly appreciated.

Regards

Irene Marutla

Head of Supply Chain Management (Acting) | SABC Procurement Division

Room 2008 | Radio Park | Henley Road | Auckland Park 2006 | Johannesburg | South Africa

Tel +27 (0)11 714 4938 | Fax 0865918749 | Email marutlai@sabc.co.za

Web <http://www.sabc.co.za> |

From: Amy Lodge <Lodgeaif@sabc.co.za>

Sent: Monday, March 30, 2020 6:00 PM

To: Irene Marutla <marutlai@sabc.co.za>; Maronel Mulder <mulderm@sabc.co.za>

Cc: Yolande van Biljon <vanbiljonY@sabc.co.za>

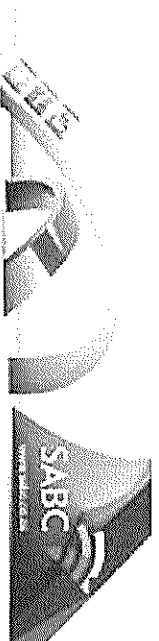
Subject: FW: Submissions to National Treasury

Hi there,

Please see below approval.

Regards,

AMY LODGE
EXECUTIVE ASSISTANT TO THE CEO
T +27 (0) 714 2120 3620 F +27 (0) 714 4669
E amy@natsabco.co.za

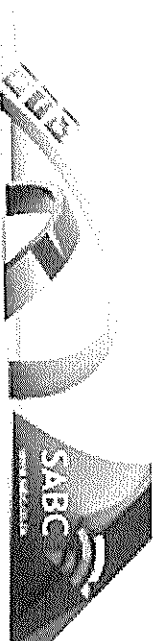


From: Madoda Mxakwe
Sent: 30 March 2020 05:50 PM
To: Amy Lodge
Subject: RE: Submissions to National Treasury

APPROVED

Kind regards

MADODA MXAKWE
GROUP CHIEF EXECUTIVE OFFICER
T +27 (0) 714 2120 3620 F +27 (0) 714 4669
E amy@natsabco.co.za



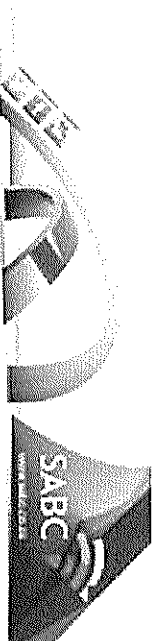
From: Amy Lodge <lodgeaf@sabc.co.za>
Sent: Monday, March 30, 2020 9:18 AM
To: Madoda Mxakwe <MxakweM@sabc.co.za>
Subject: FW: Submissions to National Treasury

Dear Madoda,

Please see submission for NT for approval. If you happy with it, kindly indicate so. (Electronic approvals will have to work for now).

Regards,

AMY LODGE
EXECUTIVE ASSISTANT TO THE CEO
T +27 (0) 714 2120 3620 F +27 (0) 714 4669
E amy@natsabco.co.za



From: Yolande van Biljon
Sent: 29 March 2020 09:09 PM
To: Irene Marutla; Maronel Mulder

Cc: Amy Lodge
Subject: FW: Submissions to National Treasury

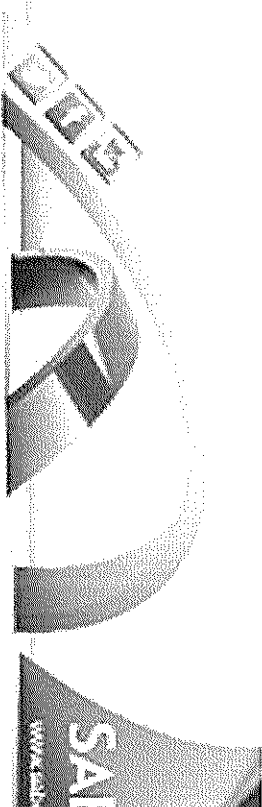
Approved.

For now the electronic approval will have to do.

Not sure what the process in the GCEOs office is for submissions currently, but I include Amy to advice.

Regards,

YOLANDE VAN BILJON
CHIEF FINANCIAL OFFICER
T: +27 (11) 714 2265
E: yvanbiljon@sabc.co.za



From: Irene Marutla [<mailto:marutlai@sabc.co.za>]
Sent: Wednesday, 25 March 2020 17:04
To: Melanie De Villiers; Yolande van Biljon
Cc: Yvonne Booysen; Maronel Mulder
Subject: Submissions to National Treasury

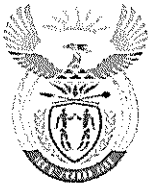
Hi Melanie

Please find attached submissions. Let me know when you are in the office tomorrow and will deliver the original.

Regards

Irene Marutla
Head of Supply Chain Management (Acting) | SABC Procurement Division
Room 2008 | Radio Park | Henley Road | Auckland Park 2006 | Johannesburg | South Africa
Tel +27 (0)11 714 4938 | Fax 0865918749 | Email marutlai@sabc.co.za
Web <http://www.sabc.co.za> |





national treasury

Department:

National Treasury

REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 - Tel: (+27 12) 315 5111

Enquiries: Egendri Nanakan Tel: (012) 395 6706 Fax: (012) 315 5343 Email: Egendri.Nanakan@treasury.gov.za

Ref: 43/1/2/5/1

Mr. Madoda Mxakwe
Acting Group Executive Officer
South African Broadcasting Corporation (SABC)
Private Bag X1
AUCKLAND PARK
2006

Email: marutlai@sabc.co.za

Dear Mr. Mxakwe

DEVIATION FROM THE COMPETITIVE BIDDING PROCESS: APPOINTMENT OF TRANSACTION CAPITAL RECOVERIES; VAN DE VENTER INCORPORATED AND NU DEBT MANAGEMENT PROPRIETARY LTD

1. National Treasury acknowledges receipt of your letter dated 25 March 2020.
2. The SABC is requesting to deviate from the competitive bidding process and appoint Transaction Capital Recoveries, Van De Venter Incorporated and Nu Debt Management Proprietary for the provision of debt collection with regards to the television licenses in the amount of R60 073 340.00 for the period of twelve months. The original contract expired on the 31 January 2019. In the letter dated 9 November 2018, National Treasury supported the extension until 31 March 2019. The second application was submitted to National Treasury and was supported for three months instead of six months. In the letter dated 15 May 2019, National Treasury did not support any further extensions on the contract.
3. The deviation was recommended by the Acting Head of Supply Chain Management on the 25 March 2020. The application is a concern in that the signature of the Chief Financial Officer and the Group Chief Executive Officer was not obtained.
4. The reason for the deviation is that the entity concluded the procurement process. The accounting authority awarded the bid on the 31 October 2019 to Revenue Consulting, Antony Richards and Associates, Hahn Collection, Asili Risk Management and Khumalo Masondo Inc. SABC is of the opinion that the newly appointed suppliers will not be able to provide the service adequately because they are new to the SABC and have not worked on the SABC debt collection agency panel in the past.

DEVIATION FROM THE COMPETITIVE BIDDING PROCESS: APPOINTMENT OF TRANSACTION CAPITAL RECOVERIES; VAN DE VENTER INCORPORATED AND NU DEBT MANAGEMENT PROPRIETARY LTD

5. The reason provided is not justifiable. The suppliers were appointed on the 1 November 2019 and could have been directed in terms of the contractual agreement. It is unacceptable to award contracts to suppliers and utilize other service providers based on a lack of institutional experience. Furthermore, the accounting authority awarded the bid, there was no approval from the accounting authority indicating that the entity may deviate and appoint the three suppliers whilst the bid is awarded.
6. National Treasury does not support the deviation. Your entity must utilize the service providers appointed through the procurement process by the accounting authority.
7. SABC has an obligation to ensure that any contract for goods and services is in accordance with a system that is fair, equitable, transparent, competitive and cost effective.

Kind regards,

A handwritten signature in black ink, appearing to read 'Estelle Setan', with a date stamp '24/04/2020' visible below the signature.

ESTELLE SETAN
ACTING CHIEF PROCUREMENT OFFICER
DATE: 24 04 2020

CC: Auditor-General



SOUTH AFRICAN BROADCASTING CORPORATION LIMITED SOC
REGISTRATION NUMBER 2003/023915/30

DEVIATION REPORT

1. DIVISION / DEPARTMENT REQUESTING THE SUBMISSION

Commercial Enterprises

2. TITLE OF SUBMISSION

Request to enter into a one-year agreement with Imagine Communications EMEA (UK) Ltd for the supply of Landmark software licences and maintenance services.

3. PURPOSE

The purpose of this request is to obtain approval to deviate from the normal procurement process and enter into a new Landmark software licence and maintenance contract with Imagine Communication EMEA (UK) Ltd for a period of 12 months at an amount not exceeding R 11 109 974.00 excluding VAT.

4. BACKGROUND

The SABC implemented Landmark Sales as its Advertising Management solution in 2000. The Landmark Sales system is used to manage booking and scheduling of commercial airtime across the SABC's Television, Radio and Digital platforms.

Landmark has been configured and enhanced over several years to ensure alignment to relevant legislation as well as SABC policies and procedures. This includes the implementation of various interfaces with other SABC internal/external systems.

The first agreement between the SABC and the Landmark software owners was concluded during 2000, with appendices detailing licence and maintenance costs added over the years. The SABC's previous Landmark Sales agreement with Imagine Communications expired on 31 December 2019. In order to test the market, the SABC issued a Request for Information (RFI) in February 2019 to source information on available systems that could manage both advertising bookings/scheduling for all platforms as well as television content

scheduling. Based on a detailed evaluation of the responses the SABC compiled a business case to obtain funding for procurement of a single system to manage both functions within the prescribed supply chain management processes. The business case has been presented to and supported by the SABC's Technology Investment Committee and the Group Executive Committee in 2019 and will be tabled at the next Board meeting scheduled for 31 January 2020. The tender process will kick off as soon as approval is received from the Board. The process to source and implement a new Advertising Management and Content Scheduling system is envisaged to take at least 12 months.

5. SCOPE OF WORK

It is necessary to pay the annual licence and maintenance fees in order for the SABC to continue to use the Landmark software to manage advertising bookings/scheduling and to ensure that the Landmark system functions optimally.

6. REASON FOR THE DEVIATION REQUEST

The previous 3-year agreement with Imagine Communications was effective from 1 January 2017 and expired on the 31 December 2019. The Landmark software supports the SABC's key revenue generating business function. The SABC's software licence and maintenance contract is directly with Imagine Communications, the owner and sole supplier of the Landmark Sales software.

It is critical for SABC to conclude a Landmark Sales software agreement with Imagine Communications for a one-year period (the minimum contract period allowed by the software owner). This is to ensure business continuity as the SABC cannot switch off Landmark in the absence of an alternative solution and it is not possible to implement a temporary solution while the SCM process to source a new system is being underway. The contract period will be from 1 January to 31 December 2020. Imagine Communications agreed to allow the SABC access to the software until 31 January 2020 to enable the SABC to obtain the required approvals for a one-year contract.

7. VENDOR SELECTION

Imagine Communications is the sole supplier of the Landmark Sales software.

8. HISTORICAL SPEND ON THE CONTRACT

PERIOD	AMOUNT (excl. VAT)
Fees Paid 2007 to December 2016*	32 890 120.12
Fees Paid Previous Contract Term (Jan 2017 to Dec 2019)	
1 January 2017 - 31 December 2017	9 444 188.50
1 January 2018 - 31 December 2018	10 455 319.36
1 January 2019 - 31 December 2019	10 795 019.48
Total Paid Previous Contract Term	30 694 527.34
Fees to be Paid: New Contract Term	
1 January 2020 - 31 December 2020	11 109 974.00
TOTAL VALUE (2007 to December 2020)	74 694 621.46

*Fees paid since introduction of SAP accounting system

**FOREX Non Vatable

9. FINANCIAL IMPLICATION

The total expenditure for the proposed one year Landmark software licence and maintenance agreement will not exceed **R11 109 974.00** excluding VAT.

10. COMPLAINTS WITH SCM REGULATION/S AND/ OR SABC POLICIES

Description	Status	Comments
SCM Instruction Note 3 of 2016/17	Comply	Preferred supplier
SCM Instruction Note 7 of 2017/18	Comply	Foreign supplier
BBBEE	N/A	None
Delegation of Authority	Comply	Approval is requested in line with section F of DAF
Central Supplier Data Base	N/A	Foreign Supplier
Completed Foreign supplier tax	N/A	N/A
TV Licenses for Company and Directors	N/A	Foreign Supplier

11. LEGAL IMPLICATIONS

A formal contract will be concluded between the SABC and Imagine Communications EMEA (UK) Ltd for the SABC's use of the Landmark Sales licences and maintenance services. The contract will be vetted by SABC Legal Services.

12. REQUEST FOR APPROVAL FROM NATIONAL TREASURY

A request for approval to enter into a new Landmark software licence and maintenance agreement with Imagine Communication EMEA (UK) Ltd for a period of one year at an amount of **R11 109 974** excluding VAT, starting from 1 January 2020 was submitted to National Treasury on 10 January 2020.

National Treasury approved the SABC's request on 27 January 2020 (refer to confirmation letter attached). Based on the condition stated by National Treasury, the SABC has assessed and supports the reasonableness of the contract value of R11 109 974 excluding VAT, which is based on a 2.9% year-on-year increase.

13. RISKS AND MITIGATIONS

Unavailability of the Landmark Sales software will result in the SABC not having access to a system to book and schedule commercials. This will result in a revenue loss of ±R5.7bn per annum, which will be detrimental to the SABC.

14. IMPLEMENTATION PLAN / DELIVERABLES

Licence and Maintenance services will commence from 1 January 2020. Imagine Communications agreed to allow the SABC access to the software until 31 January 2020 to enable the SABC to obtain the required approvals for a one-year contract.

15. ACCOMPANYING / SUPPORTING DOCUMENTS

- SABC submission to National Treasury
- Response from National Treasury
- Sole Supplier confirmation

16. RECOMMENDATION

- It is recommended that the Bid Adjudication Committee approves the contracting of Imagine Communications EMEA (UK) Ltd for a period of twelve (12) months from 1 January to 31 December 2020 for the supply and support of the Landmark Sales software at an amount not exceeding **R11 109 974** excluding VAT.
- It is recommended that the Head of SCM and the GE: Commercial Enterprises be duly authorised to sign the contract documentations on behalf of the SABC.

17. SIGNATURES

Prepared by:



Israel Vele

Demand Manager (Acting)

28/01/2020

Date

Supported for submission by:

Juanita van Rensburg

GM Sales Operations (Acting)



Rubendra Naidoo

GM: SCM Strategic Sourcing (Acting)

Date

28/01/2020

Date



Nirvana Singh

GM: SCM Governance

28/01/2020

Date

Supported for submission to BAC by:



Irene Marutla

Head: SCM (Acting)

28/01/2020

Date



Supply Chain Management
20th Floor, Radio Park, Henley Road
Auckland Park, 2094
Private Bag X1, Auckland Park, 2006
Johannesburg, Gauteng, South Africa
Tel +27 11 714-2348
E-mail: marutlai@sabc.co.za
Website: www.sabc.co.za
06 January 2020

The Chief Procurement Officer
National Treasury
240 Madiba Street
PRETORIA
0001
Tel: +27 (12) 315 5845
Email: Sizi.Qolohle@treasury.gov.za

Dear Ms Qolohle

DEVIATION REQUEST FOR THE LANDMARK SOFTWARE LICENCE AGREEMENT

1. PURPOSE

The purpose of this request is to obtain approval to deviate from normal procurement process and enter into a new contract with Imagine Communications EMEA (UK) Ltd for a period of twelve (12) months at an amount of R11,109,974.00 excluding VAT.

2. BACKGROUND

Landmark Sales is an Advertising Management system implemented by the SABC in 2000 to manage the booking and scheduling of commercial airtime across its television, radio and digital media platforms.

The Landmark system has been configured and enhanced over several years to ensure that it is aligned to relevant legislation as well as SABC policies and procedures. This includes the implementation of various interfaces with other SABC/external systems.

The first agreement between the SABC and the Landmark software owners was concluded during 2000, with appendices detailing licence and maintenance costs added over the years. The SABC's Landmark Sales agreement with Imagine Communications expired on 31 December 2019.

South African Broadcasting Corporation SOC Limited; Registration Number: 2003/023915/30 Non-Executive Directors: Mr B E Makhathini (Chairperson); Ms M Mkhabela-Mulaudzi (Deputy Chairperson); Prof S Cooper; Adv M B B Lekalaka; Mr D M Mamela; Mr M G Markovitz; Mr D K Molaba; Ms B Muthlen; Ms J Patel; Mr J H Phalane; Ms M B Papanyan; Dr M Sodikwa Executive Directors: Mr M T Mxakwe (Group Chief Executive Officer); Mr I C Plaatjes (Chief Operations Officer); Ms Y van Biljon (Chief Financial Officer); Company Secretary: Ms L V Bayl

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3. MOTIVATION TO DEVIATE FROM NORMAL PROCUREMENT PROCESS

The Landmark Sales software supports the SABC's key revenue generating business processes as it is used to book and schedule advertisements across all SABC platforms. Revenue generated through the Landmark Sales processes amounted to R5bn in FY2018/19. The Landmark Sales agreement with Imagine Communications was effective from 1 January 2017 and has expired on the 31 December 2019.

In order to test the market, the SABC issued a Request for Information (RFI) in February 2019 to obtain information on available systems that could manage both advertising bookings/scheduling for all platforms as well as television content scheduling. Based on a detailed evaluation of the responses the SABC compiled a business case to obtain funding for procurement of a single system to manage both functions and the prescribed supply chain management processes would be followed to procure a new system. The business case has been presented to and supported by the SABC's Technology Investment Committee and the Group Executive Committee in 2019 and will be tabled at the next Board meeting scheduled for 31 January 2020. The tender process will kick-start as soon as the approval is received from Board.

It is envisaged that it will take up to 12 months to source and implement a new Advertising Management and Content Scheduling system.

It is therefore recommended that the deviation be approved to enter into a contract with Imagine Communications for a one-year period effective from 1 January to 31 December 2020 to supply licences and support for the Landmark Sales software. This is for business continuity as the SABC cannot switch off Landmark in the absence of alternative solution and it is not possible to implement a temporary solution while the SCM process to source a new system is being finalised. Imagine Communications is the sole provider of the Landmark software.

4. RISK

Unavailability of the Landmark Sales agreement has already put the SABC under immense risk of potential business interruption and loss of revenue and will result in the SABC not having access to a system to book and schedule commercials. This will result in a revenue loss of ±R5.7bn per annum.

5. FINANCIAL IMPLICATIONS

Handwritten signatures and initials:
M.M.
M.T.
M.N.

The total financial impact of this request is R11,109,974.00.

Historical Spend:

PERIOD	AMOUNT (excl. VAT)
Fees Paid 2007 to December 2016*	32 890 120.12
Fees Paid Previous Contract Term (Jan 2017 to Dec 2019)	
1 January 2017 - 31 December 2017	9 444 188.50
1 January 2018 - 31 December 2018	10 455 319.36
1 January 2019 - 31 December 2019	10 795 019.48
Total Paid Previous Contract Term	30 694 527.34
Fees to be Paid: New Contract Term	
1 January 2020 - 31 December 2020	11 109 974.00
TOTAL VALUE (2007 to December 2020)	74 694 621.46

*Fees paid since introduction of SAP accounting system

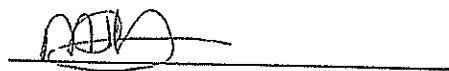
**FOREX Non Vatable

The SABC will assess all contracts entered into with Imagine Communications for Landmark Software after the effective date of the National Treasury SCM Instruction Note 3 of 2016/2017 to ascertain if the approval was done by the correct authority and if not, will disclose the amounts as irregular expenditure.

6. RECOMMENDATION

- Permission be granted by National Treasury to deviate from normal procurement process in order to enter into a new contract with Imagine Communications EMEA (UK) Ltd, the sole provider of the Landmark software for a period of twelve (12) months at an amount of R11,109,974.00 excluding VAT starting from 1 January 2020.
- The SABC acknowledges its obligation to ensure that any goods and services are in accordance with a procurement system which is fair, equitable, transparent, competitive and cost effective.

Yours sincerely



Irene Marutla

Head of Supply Chain Management (Acting)

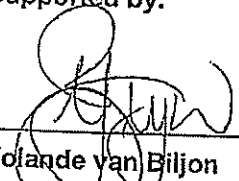
08/01/2020

Date

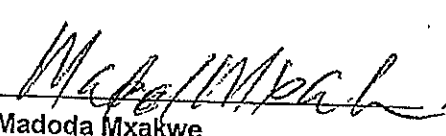
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Supported by:


Yolande van Biljon
Chief Financial Officer

9/11/20
Date


Madoda Mxakwe
Group Chief Executive Officer

10/9/2020
Date



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 - Tel: (+27 12) 315 5111

Enquiries: Hudley Nkadimeng Tel: (012) 3956700 Fax: 012 315 5343 Email: hudley.nkadimeng@treasury.gov.za

Ref: 43/1/2/5/1

Mr. Madoda Mxakwe
Group Chief Executive Officer
South African Broadcasting Corporation (SABC)
Private Bag X1
AUCKLAND PARK
2006

Email: marutlai@sabc.co.za

Dear Mr. M Mxakwe

REQUEST FOR DEVIATING FROM THE NORMAL PROCUREMENT PROCES: IMAGINE COMMUNICATIONS EMEA (UK) LTD

1. National Treasury acknowledges receipt of your application dated 06 January 2020 and received on 10 January 2020.
2. The SABC is requesting approval to deviate from the normal procurement process and appoint Imagine Communications EMEA (UK) Ltd for Landmark Software License Agreement for a period of twelve (12) months in the amount of R11,109,974.00.
3. The request for deviation was endorsed by the Group Chief Executive Officer on 10 January 2020.
4. The reasons provided for this deviation are that the Landmark Sales Software supports the SABC's key revenue generating business processes as it is used to book and schedule advertisements across all SABC platforms. The previous contract with Imagine Communications expired on the 31 December 2019. SABC issued a request for information in February 2019 to obtain information on available systems that could manage advertising bookings and scheduling for all platforms. The business case has been presented to and supported by the SABC's Technology Investment Committee in 2019 and will be presented to the board on the 31 January 2020. SABC envisaged to initiate and finalise competitive bidding process with the required period of 12 months.
5. The reason for the deviation is justifiable, however, it is not clear why the Institution did not prevent the contract from lapsing by initiating the process of replacing the current service provider way in advance.
6. National Treasury support the request for deviation on condition that the reasonableness of the price is assessed and that SABC put measures in place to finalise the tendering process within the requested period of 12 months.
7. SABC has an obligation to ensure that any contract for goods and services is in accordance with a system of procurement which is fair, equitable, transparent, competitive and cost effective.
8. Please be advised that this award must be published on the e-tender portal.

Kind regards,


ESTELLE SETAN

ACTING CHIEF PROCUREMENT OFFICER

DATE: 27/1/2020

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Correspondence Address:
Ferry Works, Summer Road
Thames Ditton
Surrey, KT7 0QJ
United Kingdom
Tel: +44 208 339 1800
imaginecommunications.com

December 18, 2019

Juanita van Rensburg
GM Sales Operations (Acting)
SABC Commercial Enterprises

Dear Juanita,

This letter serves to confirm that Imagine Communications are the sole provider and supplier of the Landmark Sales software in use at the SABC. Landmark Sales is one of the products owned and developed by Imagine Communications.

Should you have any further questions please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Susan Harrison".

Susan Harrison
Director of Account Management

Imagine Communications
mobile +44 [0] 7500 331 741
susan.harrison@imaginecommunications.com

NS

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Office of Company Secretary
29th Floor, Radio Park, Henley Road
Auckland Park, 2094
Private Bag X1, Auckland Park, 2006
Johannesburg, Gauteng, South Africa
Tel +27 11 714-3139, Fax +27 11 714-2819
www.sabc.co.za

30 January 2020

TO WHOM IT MAY CONCERN

EXTRACT OF THE DRAFT MINUTES OF THE BID ADJUDICATION COMMITTEE MEETING, HELD IN THE BOARDROOM, 28TH FLOOR, RADIO PARK, HENLEY ROAD, AUCKLAND PARK, JOHANNESBURG ON 28 JANUARY 2020

3.5 Landmark Deviation

RESOLVED that:

- (1) The contracting with Imagine Communications EMEA (UK) Limited for the supply and support of the Landmark Sales software, at an amount not exceeding R11 109 974,00(exclusive of VAT) for a twelve month period from 1 January 2020 to 31 December 2020, be and is hereby approved;
- (2) It is hereby recommended that Group Exco notes the cumulative spend of R74 694 621,46 (exclusive of VAT) with Imagine Communications EMEA (UK) Limited;
- (3) The Head of SCM and GE: Commercial Enterprises are hereby duly authorised to sign the contract documentation outlined in Resolution (1) above on behalf of the SABC.

Certified a true extract of the Minutes

YOLANDE VAN BILJON
CHAIRPERSON OF THE BID ADJUDICATION COMMITTEE

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200



Supply Chain Management Division
20th Floor, Radio Park, Henley Road
Auckland Park, 2094
Private Bag X1, Auckland Park, 2006
Johannesburg, Gauteng, South Africa
Tel +27 11 714-2348
E-mail: marutlai@sabc.co.za
Website: www.sabc.co.za
24 October 2019

The Office of the Chief Procurement Officer
National Treasury
240 Madiba Street
PRETORIA
0001

Tel: +27 (12) 315 5845
Email: Sizi.Qolohle@treasury.gov.za

Dear Ms Qolohle

DEVIATION REQUEST FOR THE AVID ISIS SUPPORT CONTRACT WITH JASCO ICT SOLUTIONS PTY LTD

1. Purpose

The purpose of this submission is to request approval to deviate from the normal procurement process to enter into a contract with Jasco ICT Solutions Pty Ltd for the Avid Isis support for a period of three years at an amount of R 8 657 598.77 excluding VAT at an exchange rate of 1USD=R14.50.

2. Background

Henley Post Production consists of Video Editing, Audio Post Production, and Graphics area. It provides SABC 1, 2, 3, SABC Sport, News and SABC Encore with the storage which is Avid ISIS with Production Asset Management for the media in progress.

The SABC entered into a contract with Jasco for support for the Avid Isis Post Production media server and connected client workstations software. The contract was renewed on an annual basis. The current contract ended on 31 May 2019.

The support provides hardware replacements, on-site system and remote system support as well as software support updates (these include the client Workstation Software Updates).

South African Broadcasting Corporation SOC Limited: Registration Number: 2003/023915/30

Non-Executive Directors: Mr B E Makhathini (Chairperson); Ms M Mohlala-Mulaudzi (Deputy Chairperson); Prof S Cooper; Adv M B B Lekalake;
Mr D M Maimela; Mr M G Markovitz; Mr D K Mohuba; Ms B Mulhien; Ms J Patel; Mr J H Phalane; Ms M B Papayya; Dr M Socikwa
Executive Directors: Mr M T Mxakwe (Group Chief Executive Officer); Ms S Tladi (Acting Chief Operations Officer); Ms Y van Biljon (Chief Financial Officer); Company Secretary: Ms L V Bayi

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3. Motivation to deviate

Henley Post Production Facilities has for the past 11 years had a contract for Maintenance and Support with Jasco ICT Solutions to support the installed Avid technology equipment in Henley.

The existing Avid products in use are:

Avid Unity ISIS Server:

- 24 Media Composer software support
- Two System Directors (Primary and Secondary).
- Two Interplay Engines.
- Two Media Indexers.
- Four Transfer Managers.
- Interplay Storage Cluster.
- Six Media Storage Crates.
- 10 Pro Tools HD Systems.
- 5 S6 M10 audio mixers.

This submission requests for a deviation from normal procurement process for the direct purchase of the Avid Assurance Maintenance and Support contract from Jasco ICT Solutions for the period of 3 years, Jasco ICT Solutions Pty Ltd who is the single supplier for required support (with Advanced Support specialization) in relation to Avid ISIS, Interplay and Media Central products as stipulated in the Authorisation letter attached from the OEM. Jasco ICT Solutions Pty Ltd is the Avid Elite representative Partner in South Africa recognized with the capacity to sell, supply, deliver and support (with Advanced Support specialization) in relation to Avid ISIS, Interplay and Media Central products.

4. Risk

- The inherent risks are that SABC will not have on-site Software support and Hardware replacements to ensure that the existing Avid equipment is operational.
- There will be no 24/7 online support during catastrophic problem which severely impacts broadcast – critical operation, in which the system is down or not functioning, loss of production data and when no workaround can be found therefore it won't be possible to get content in time for transmission.
- There will be no corrections, updates, improvements and modifications of the current generation of the Software which are generally released from time to time.

5. Financial Implications

DEVIATION	PERIOD	AMOUNT
Avid Assurance Maintenance and Support 2008/2009	1 April 2008 to 31 March 2009	R 1 369 274.00
Avid Assurance Maintenance and Support 2009/2010	1 April 2009 to 31 March 2010	R 982 470.70
Avid Assurance Maintenance and Support 2010/2011	1 April 2010 to 31 March 2011	R 903 611.00
Avid Assurance Maintenance and Support 2011/2012	1 April 2011 to 31 March 2012	R 1 009 535.00
Avid Assurance Maintenance and Support 2012/2013	1 April 2012 to 31 March 2013	R 1 030 632.00
Avid Assurance Maintenance and Support 2013/2014	1 April 2013 to 31 March 2014	R 1 147 950.00
Avid Assurance Maintenance and Support 2014/2015	1 April 2014 to 31 March 2015	R 1 323 191.64
Avid Assurance Maintenance and Support 2015/2016	1 April 2015 to 31 March 2016	R 1 453 570.00
Avid Assurance Maintenance and Support	1 June 2016 to 31 May 2017	R 2 008 652.25
Avid Assurance Maintenance and Support	1 June 2017 to 31 May 2018	R 2 463 678.25
Avid Assurance Maintenance and Support	1 June 2018 to 31 May 2019	R 2 324 219.70
Total Paid to Date		R 16 016 784.54

Financial Implication for the New 3 year period

New Contract	PERIOD	AMOUNT
Avid Assurance Maintenance and Support SABC Assurance 2019/2020	1 July 2019 to 30 June 2020	R 2 615 588.75
Avid Assurance Maintenance and Support SABC Assurance 2020/2021	1 July 2020 to 30 June 2021	R 2 877 147.63
Avid Assurance Maintenance and Support SABC Assurance 2021/2022	1 July 2021 to 30 June 2022	R 3 164 862.39
Total Request		R 8 657 598.77

- The total requested value of the contract for 2019 – 2022 is estimated to the amount of R 8 657 598.77 excluding VAT. The value of the maintenance contract varies according to exchange rates and equipment listed and added during the contract period. A 10% annual escalation has been included for year 2 and year 3 to mitigate any increases.

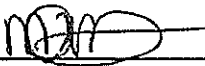
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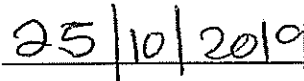
6. Recommendation

- It is recommended that the request for approval be granted to deviate from the normal procurement process to enter into a contract with Jasco ICT Solutions Pty Ltd for the Avid Isis support for a period of three years at an amount of R 8 657 598.77 excluding VAT at an exchange rate of 1USD=R14.50.
- The SABC acknowledges its obligation to ensure that any goods and services are in accordance with a procurement system which is fair, equitable, transparent, competitive and cost effective.

Yours sincerely,



Irene Marutla
Head of Supply Chain Management (Acting)

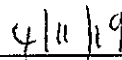


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Supported for submission by:



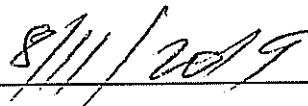
Yolande van Biljon
Chief Financial Officer



Date



Madoda Mxakwe
Group Chief Executive Officer



Date





national treasury

Department:
National Treasury

REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 - Tel: (+27 12) 315 5111

Enquiries: Godfrey Masindi Tel: (012) 406 9186 Fax: 012 315 5343 Email: godfrey.masindi@treasury.gov.za

Ref: 43/1/2/5/1

Mr. Madoda Mxakwe
Group Chief Executive Officer
South African Broadcasting Corporation (SABC)
Private Bag X1
AUCKLAND PARK
2006

Email: marutlai@sabc.co.za

Dear Mr. M Mxakwe

REQUEST FOR DEVIATING FROM THE NORMAL PROCUREMENT PROCES: APPOINTMENT OF JASCO ICT SOLUTIONS PTY LTD.

1. National Treasury acknowledges receipt of your application dated 24 October 2019 and received on 20 January 2020.
2. The SABC is requesting approval to deviate from the normal procurement process by appointing Jasco ICT Solutions Pty Ltd for the Avid Isis support for a period of three (3) years from date of approval in the amount of R8 657 598.77.
3. The request for deviation was recommended by the Group Chief Executive Officer on 8 November 2019.
4. The reason provided for this deviation is that Henley Post Production facilities has for the past 11 years had a contract for maintenance and support with Jasco ICT Solutions to support the installed Avid technology equipment in Henley. Jasco ICT Solutions is the single supplier for Avid ISIS support. Jasco ICT Solutions is the Avid Elite representative partner in South Africa recognised with the capacity to Avid Isis, Interplay and Media Central products. The inherent risks are that SABC will not have on-site Software support and hardware replacements to ensure that the existing Avid equipment is operational.
5. The reason for the deviation is not justifiable.
6. National Treasury support the deviation for a period of 12 months. Your institution is advised to test the market during the granted period and finalise a competitive bidding process.
7. SABC has an obligation to ensure that any contract for goods and services is in accordance with a system of procurement which is fair, equitable, transparent, competitive and cost effective.

Kind regards,

ESTELLE SETAN
ACTING CHIEF PROCUREMENT OFFICER

DATE: 20/1/2020

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03 March 2020

Colin Stoltz
Jasco ICT Solutions Pty Ltd
Corner Alexander Avenue and 2nd street
Halfway House
Midrand
1685

BY EMAIL: colin.stoltz@jasco.co.za

Dear Sir

**LETTER OF AWARD FOR THE MAINTENANCE AND SUPPORT OF THE AVID ISIS
SYSTEM FOR A PERIOD OF 12 MONTHS**


With reference to the abovementioned request, we would like to inform you that SABC has reached a decision to enter into a contract with Jasco ICT Solutions Pty Ltd for the Avid Isis maintenance and support for a period of 12 months at an amount of R 2 877 147.63 excluding VAT at an exchange rate of 1USD=R14.50.

A contract stipulating further terms and conditions will be drawn by the SABC for your signature at a prior arranged date.

Kindly liaise with the SABC representative on this project, **Thulani Kumalo on 011 714 6712**, regarding any decisions, costs and/or any other matter pertaining to this project, prior to any costs and/or services being incurred which would fall outside the agreed costs of the project.

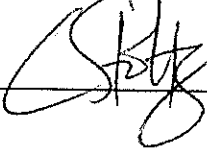
Kindly confirm your acceptance of the above by signing below within 1 day.

Yours faithfully


Irene Marutla
Head: SCM (Acting)

03/03/2020
Date

I, Colin Stoltz hereby accept the conditions as stipulated
in this letter and the tender document.

Signature: 

Date: 3/3/2020

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SOUTH AFRICAN BROADCASTING CORPORATION LIMITED SOC
REGISTRATION NUMBER 2003/023915/30

DEVIATION REPORT

1. DIVISION / DEPARTMENT REQUESTING THE SUBMISSION

Henley Television Facilities

2. TITLE OF SUBMISSION

Maintenance and Support of the Avid Isis system

3. PURPOSE

The purpose of this submission is to request approval to deviate from the normal procurement process to enter into a contract with Jasco ICT Solutions Pty Ltd for the Avid Isis support for a period of twelve months at an amount of R 2 877 147.63 excluding VAT at an exchange rate of 1USD=R14.50.

4. BACKGROUND

Henley Post Production consists of Video Editing, Audio Post Production, and Graphics area. It provides SABC 1, 2, 3, SABC Sport, News and SABC Encore with the storage which is Avid ISIS with Production Asset Management for the media in progress.

The SABC entered into a contract with Jasco for support for the Avid Isis Post Production media server and connected client workstations software. The contract was renewed on an annual basis. The contract expired on the 31 May 2019.

The support provides hardware replacements, on-site system and remote system support as well as software support updates (these include the client Workstation Software Updates).

5. SCOPE OF WORK

Henley Post Production Facilities has for the past 11 years had a contract for Maintenance and Support with Jasco ICT Solutions to support the installed Avid technology equipment in Henley. The existing Avid products in use are:

Avid Unity ISIS Server:

- 24 Media Composer software support
- Two System Directors (Primary and Secondary).
- Two Interplay Engines.
- Two Media Indexers.
- Four Transfer Managers.
- Interplay Storage Cluster.
- Six Media Storage Crates.
- 10 Pro Tools HD Systems.
- 5 S6 M10 audio mixers.

6. REASON FOR THE DEVIATION REQUEST

This submission requests for a deviation from normal procurement process to directly purchase the Avid Assurance Maintenance and Support contract from Jasco ICT Solutions for the period of 12 months. Jasco ICT Solutions Pty Ltd is the single source for support (with Advanced Support specialization) of the Avid ISIS, Interplay and Media Central products as stipulated in the Authorisation letter attached from the OEM. Jasco ICT Solutions Pty Ltd is the Avid Elite representative Partner in South Africa recognized with the capacity to sell, supply, deliver and support (with Advanced Support specialization) in relation to Avid ISIS, Interplay and Media Central products. National Treasury supports the request for a 12 months and advised the SABC to test the market during the granted period.

7. VENDOR SELECTION

Jasco ICT Solutions is the single source for Avid ISIS support.

8. HISTORICAL SPEND ON THE CONTRACT

The following is the summary of the previous contract:

CONTRACT	PERIOD	AMOUNT
Avid Assurance Maintenance and Support 2008/2009	1 April 2008 to 31 March 2009	R 1 369 274.00
Avid Assurance Maintenance and Support 2009/2010	1 April 2009 to 31 March 2010	R 982 470.70
Avid Assurance Maintenance	1 April 2010 to 31 March 2011	R 903 611.00

and Support 2010/2011		
Avid Assurance Maintenance and Support 2011/2012	1 April 2011 to 31 March 2012	R 1 009 535.00
Avid Assurance Maintenance and Support 2012/2013	1 April 2012 to 31 March 2013	R 1 030 632.00
Avid Assurance Maintenance and Support 2013/2014	1 April 2013 to 31 March 2014	R 1 147 950.00
Avid Assurance Maintenance and Support 2014/2015	1 April 2014 to 31 March 2015	R 1 323 191.64
Avid Assurance Maintenance and Support 2015/2016	1 April 2015 to 31 March 2016	R 1 453 570.00
Avid Assurance Maintenance and Support	1 June 2016 to 31 May 2017	R 2 008 652.25
Avid Assurance Maintenance and Support	1 June 2017 to 31 May 2018	R 2 463 678.25
Avid Assurance Maintenance and Support	1 June 2018 to 31 May 2019	R 2 324 219.70
Total Paid to Date		R 16 016 784.54

9. FINANCIAL IMPLICATION

Financial Implication for the New 1 year period

New Contract	PERIOD	AMOUNT
Avid Assurance Maintenance and Support	1 March 2020 to 28 February 2021	R 2 877 147.63
Total Request		R 2 877 147.63

10. COMPLAINE WITH SCM REGULATION/S AND/ OR SABC POLICIES

Description	Status	Comments
SCM Instruction Note 3 of 2016/17	Comply	Single Source
SCM Instruction Note 7 of 2017/18	Comply	Tax Compliant
BBBEE	Comply	4
Delegation of Authority	Comply	Approval is requested in line with section F of DAF
Central Supplier Data Base	Comply	CSD Number : MAAA026108
Completed Foreign supplier tax	N/A	N/A

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TV Licenses for Company and Directors	Comply	Attached
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11. LEGAL IMPLICATIONS

A formal contract will be concluded between the SABC and Jasco ICT Solutions Pty Ltd.

12. RISKS AND MITIGATIONS

- The inherent risks are that SABC will not have on-site Software support and Hardware replacements to ensure that the existing Avid equipment is operational.
- There will be no 24/7 online support during catastrophic situations which can severely impact broadcast/critical operations, in which the system is down or not functioning, loss of production data and when no workaround can be found therefore it won't be possible to get content in time for transmission.
- There will be no corrections, updates, improvements and modifications of the current generation of the Software which are generally released from time to time.

13. IMPLEMENTATION PLAN / DELIVERABLES

As soon as the contract is signed.

14. ACCOMPANYING / SUPPORTING DOCUMENTS

- SABC submission to National Treasury
- Response from National Treasury
- Previous contracts
- Official Authorised Avid Isis reseller
- CSD Report

15. RECOMMENDATION

- It is recommended that the request for approval be granted to deviate from the normal procurement process to enter into a contract with Jasco ICT Solutions Pty Ltd for the Avid Isis support for a period of twelve months at an amount of **R 2 877 147.63** excluding VAT at an exchange rate of 1USD=R14.50.
- It is recommended that the Head of SCM and the GE: MTI be duly authorised to sign the contract documentations on behalf of the SABC.



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16. SIGNATURES

Prepared by:



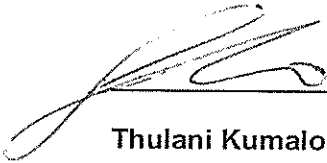
Israel Vele

Demand Manager (Acting)

17/02/2020

Date

Supported for submission by:



Thulani Kumalo

Manager: Post Production Technologies

25/02/2020

Date



Rubendra Naidoo

GM: SCM Strategic Sourcing (Acting)

26/02/2020

Date



Nirvana Singh

GM: SCM Governance

27/02/2020

Date

Approved

Supported for submission to BAC by:



Irene Marutla

Head: SCM (Acting)

28/02/2020

Date

N.B Approval is in line with DAF FS.
The submission to be presented to
BAC for noting.



Supply Chain Management Division
20th Floor, Radio Park, Henley Road
Auckland Park, 2094
Private Bag X1, Auckland Park, 2006
Johannesburg, Gauteng, South Africa
Tel +27 11 714-2348
E-mail: marullai@sabc.co.za
Website: www.sabc.co.za
24 October 2019

The Office of the Chief Procurement Officer
National Treasury
240 Madiba Street
PRETORIA
0001

Tel: +27 (12) 315 5845
Email: Sizi.Qolohle@treasury.gov.za

Dear Ms Qolohle

DEVIATION REQUEST FOR THE AVID ISIS SUPPORT CONTRACT WITH JASCO ICT SOLUTIONS PTY LTD

1. Purpose

The purpose of this submission is to request approval to deviate from the normal procurement process to enter into a contract with Jasco ICT Solutions Pty Ltd for the Avid Isis support for a period of three years at an amount of R 8 657 598.77 excluding VAT at an exchange rate of 1USD=R14.50.

2. Background

Henley Post Production consists of Video Editing, Audio Post Production, and Graphics area. It provides SABC 1, 2, 3, SABC Sport, News and SABC Encore with the storage which is Avid ISIS with Production Asset Management for the media in progress.

The SABC entered into a contract with Jasco for support for the Avid Isis Post Production media server and connected client workstations software. The contract was renewed on an annual basis. The current contract ended on 31 May 2019.

The support provides hardware replacements, on-site system and remote system support as well as software support updates (these include the client Workstation Software Updates).

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3. Motivation to deviate

Henley Post Production Facilities has for the past 11 years had a contract for Maintenance and Support with Jasco ICT Solutions to support the installed Avid technology equipment in Henley.

The existing Avid products in use are:

Avid Unity ISIS Server:

- 24 Media Composer software support
- Two System Directors (Primary and Secondary).
- Two Interplay Engines.
- Two Media Indexers.
- Four Transfer Managers.
- Interplay Storage Cluster.
- Six Media Storage Crates.
- 10 Pro Tools HD Systems.
- 5 S6 M10 audio mixers.

This submission requests for a deviation from normal procurement process for the direct purchase of the Avid Assurance Maintenance and Support contract from Jasco ICT Solutions for the period of 3 years, Jasco ICT Solutions Pty Ltd who is the single supplier for required support (with Advanced Support specialization) in relation to Avid ISIS, Interplay and Media Central products as stipulated in the Authorisation letter attached from the OEM. Jasco ICT Solutions Pty Ltd is the Avid Elite representative Partner in South Africa recognized with the capacity to sell, supply, deliver and support (with Advanced Support specialization) in relation to Avid ISIS, Interplay and Media Central products.

4. Risk

- The inherent risks are that SABC will not have on-site Software support and Hardware replacements to ensure that the existing Avid equipment is operational.
- There will be no 24/7 online support during catastrophic problem which severely impacts broadcast – critical operation, in which the system is down or not functioning, loss of production data and when no workaround can be found therefore it won't be possible to get content in time for transmission.
- There will be no corrections, updates, improvements and modifications of the current generation of the Software which are generally released from time to time.

5. Financial Implications

DEVIATION	PERIOD	AMOUNT
Avid Assurance Maintenance and Support 2008/2009	1 April 2008 to 31 March 2009	R 1 369 274.00
Avid Assurance Maintenance and Support 2009/2010	1 April 2009 to 31 March 2010	R 982 470.70
Avid Assurance Maintenance and Support 2010/2011	1 April 2010 to 31 March 2011	R 903 611.00
Avid Assurance Maintenance and Support 2011/2012	1 April 2011 to 31 March 2012	R 1 009 535.00
Avid Assurance Maintenance and Support 2012/2013	1 April 2012 to 31 March 2013	R 1 030 632.00
Avid Assurance Maintenance and Support 2013/2014	1 April 2013 to 31 March 2014	R 1 147 950.00
Avid Assurance Maintenance and Support 2014/2015	1 April 2014 to 31 March 2015	R 1 323 191.64
Avid Assurance Maintenance and Support 2015/2016	1 April 2015 to 31 March 2016	R 1 453 570.00
Avid Assurance Maintenance and Support	1 June 2016 to 31 May 2017	R 2 008 652.25
Avid Assurance Maintenance and Support	1 June 2017 to 31 May 2018	R 2 463 678.25
Avid Assurance Maintenance and Support	1 June 2018 to 31 May 2019	R 2 324 219.70
Total Paid to Date		R 16 016 784.54

Financial Implication for the New 3 year period

New Contract	PERIOD	AMOUNT
Avid Assurance Maintenance and Support SABC Assurance 2019/2020	1 July 2019 to 30 June 2020	R 2 615 588.75
Avid Assurance Maintenance and Support SABC Assurance 2020/2021	1 July 2020 to 30 June 2021	R 2 877 147.63
Avid Assurance Maintenance and Support SABC Assurance 2021/2022	1 July 2021 to 30 June 2022	R 3 164 862.39
Total Request		R 8 657 598.77

- The total requested value of the contract for 2019 – 2022 is estimated to the amount of R 8 657 598.77 excluding VAT. The value of the maintenance contract varies according to exchange rates and equipment listed and added during the contract period. A 10% annual escalation has been included for year 2 and year 3 to mitigate any increases.



6. Recommendation

- It is recommended that the request for approval be granted to deviate from the normal procurement process to enter into a contract with Jasco ICT Solutions Pty Ltd for the Avid Isis support for a period of three years at an amount of R 8 657 598.77 excluding VAT at an exchange rate of 1USD=R14.50.
- The SABC acknowledges its obligation to ensure that any goods and services are in accordance with a procurement system which is fair, equitable, transparent, competitive and cost effective.

Yours sincerely,



Irene Marutla
Head of Supply Chain Management (Acting)

25/10/2019

Date

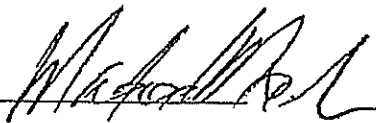
Supported for submission by:



Yolande van Biljon
Chief Financial Officer

4/11/19

Date



Madoda Mxakwe
Group Chief Executive Officer

8/11/2019

Date





national treasury

Department:

National Treasury

REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 - Tel: (+27 12) 315 5111

Enquiries: Godfrey Masindi Tel: (012) 406 9186 Fax: 012 315 5343 Email: godfrey.masindi@treasury.gov.za

Ref: 43/1/2/5/1

Mr. Madoda Mxakwe
Group Chief Executive Officer
South African Broadcasting Corporation (SABC)
Private Bag X1
AUCKLAND PARK
2006

Email: marutlai@sabc.co.za

Dear Mr. M Mxakwe

REQUEST FOR DEVIATING FROM THE NORMAL PROCUREMENT PROCES: APPOINTMENT OF JASCO ICT SOLUTIONS PTY LTD.

1. National Treasury acknowledges receipt of your application dated 24 October 2019 and received on 20 January 2020.
2. The SABC is requesting approval to deviate from the normal procurement process by appointing Jasco ICT Solutions Pty Ltd for the Avid Isis support for a period of three (3) years from date of approval in the amount of R8 657 598.77.
3. The request for deviation was recommended by the Group Chief Executive Officer on 8 November 2019.
4. The reason provided for this deviation is that Henley Post Production facilities has for the past 11 years had a contract for maintenance and support with Jasco ICT Solutions to support the installed Avid technology equipment in Henley. Jasco ICT Solutions is the single supplier for Avid ISIS support. Jasco ICT Solutions is the Avid Elite representative partner in South Africa recognised with the capacity to Avid Isis, Interplay and Media Central products. The inherent risks are that SABC will not have on-site Software support and hardware replacements to ensure that the existing Avid equipment is operational.
5. The reason for the deviation is not justifiable.
6. National Treasury support the deviation for a period of 12 months. Your institution is advised to test the market during the granted period and finalise a competitive bidding process.
7. SABC has an obligation to ensure that any contract for goods and services is in accordance with a system of procurement which is fair, equitable, transparent, competitive and cost effective.

Kind regards,

ESTELLE SETAN

ACTING CHIEF PROCUREMENT OFFICER

DATE: 20/1/2020

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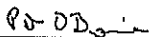


SUPPLIER	Avid Technology International BV
CONTRACTOR	JASCO Systems (Pty) Ltd Corner 2 nd and Alexandra Road Midrand 1682 South Africa


CONFIRMATION OF AUTHORISATION

Avid Technology International BV ("Avid"), the European entity wholly owned by Avid Technology Inc. hereby confirms that JASCO Systems (Pty) Ltd of the address listed above ("Jasco") is an Avid Elite representative Partner in South Africa recognized with the capacity to sell, supply, deliver and support (with Advanced Support specialization) in relation to Avid ISIS, Interplay and MediaCentral products.

Signed


Patrick O'Beirne (June 11, 2019)

Patrick O'Beirne
Managing Director
Avid Technology International BV


DH (June 11, 2019)



Avid Technology International BV
3051 Kingswood Drive
Citywest Business Campus
Dublin D24 T021
Ireland

Tel: +353 1 207 8200
Fax: +353 1 205 0794

SUPPLIER	Avid Technology International BV
CONTRACTOR	JASCO Systems (Pty) Ltd Corner 2nd and Alexandra Road Midrand 1682 South Africa


CONFIRMATION OF AUTHORISATION

Avid Technology International BV ("Avid"), the European entity wholly owned by Avid Technology Inc. hereby confirms that JASCO Systems (Pty) Ltd of the address listed above ("Jasco") is an Avid Elite representative Partner in South Africa recognized with the capacity to sell, supply, deliver and support (with Advanced Support specialization) in relation to Avid ISIS, Interplay and MediaCentral products.

Signed




Patrick O'Beirne (Jun 11, 2019)

Patrick O'Beirne
Managing Director
Avid Technology International BV


DH (Jun 11, 2019)

Avid Technology International BV is a limited liability company registered in the Netherlands.
Registered Office: 3051 Kingswood Drive, Citywest Business Campus, Dublin D24 T021, Ireland

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Office of Company Secretary
29th Floor, Radio Park, Henley Road
Auckland Park, 2094
Private Bag X1, Auckland Park, 2006
Johannesburg, Gauteng, South Africa
Tel +27 11 714-3139, Fax +27 11 714-2819
www.sabc.co.za

16 March 2020

TO WHOM IT MAY CONCERN

EXTRACT OF THE DRAFT MINUTES OF THE BID ADJUDICATION COMMITTEE MEETING, HELD IN THE BOARDROOM, 28TH FLOOR, RADIO PARK, HENLEY ROAD, AUCKLAND PARK, JOHANNESBURG ON 16 MARCH 2020

3.1 Maintenance & Support of the Avid Isis System

RESOLVED that:

- (1) The deviation from normal procurement process to enter into a contract with Jasco ICT Solutions (Proprietary) Limited, for the Avis Isis support for a period of twelve months effective on 1 April 2020, at an amount of R2 877 147,63 (exclusive of VAT) at an exchange rate 1USD = R14.50, is hereby noted;
- (2) It is hereby noted that the Head of SCM and the GE: MTI be duly authorised to sign the contract documentation outlined in Resolution (1) above on behalf of the SABC.

Certified a true extract of the Minutes


YOLANDE VAN BILJON
CHAIRPERSON OF THE BID ADJUDICATION COMMITTEE



Supply Chain Management Division
20th Floor, Radio Park, Henley Road
Auckland Park, 2094
Private Bag X1, Auckland Park, 2006
Johannesburg, Gauteng, South Africa
Tel +27 11 714-2348
E-mail: marutlai@sabc.co.za
Website: www.sabc.co.za
18 October 2019

The Office of the Chief Procurement Officer
National Treasury
240 Madiba Street
PRETORIA
0001

Tel: +27 (12) 315 5845
Email: Sizi.Qolohle@treasury.gov.za

Dear Ms Qolohle

DEVIATION REQUEST FOR THE CONTRACT OF THE OMNEON HARMONIC MAINTENANCE AND SUPPORT FOR A PERIOD OF THREE (3) YEARS

1. Purpose

The purpose of this submission is to request permission to deviate from normal tender process and to appoint Inala Broadcast Pty Ltd, the local single or only distributor for Harmonic Play-out representative for the Maintenance and Support of Omneon Harmonic Play-out server equipment used for broadcast of Television services. The request is for a new contract with period of three (3) years at an amount of **R5,192,521.20 including Vat** at an exchange rate of \$ = R14.20.

2. Background

Henley TV Facilities: Transmission Facilities provides Play-out and Ingest Servers for the Final Control Centers (FCC) of SABC 1, 2, 3, SABC News, SABC Encore, SABC Sport, SABC Parliament on a 24/7 basis. Transmission Facilities facilitate the play-out of Advertising, Programmes and Promotional Content using the Omneon Harmonic Servers. All interstitial material, consisting of commercials, promo- and long form program clips, are stored on, and played out from these servers. This technical infrastructure is administered and supported for first-line maintenance by the Transmission/Broadcast technical support team with limited resource capacity. The unfortunate financial constraints of the corporation

South African Broadcasting Corporation SOC Limited: Registration Number: 2003/023915/30

Non-Executive Directors: Mr B E Makhathini (Chairperson); Ms M Mhlala-Mulaudzi (Deputy Chairperson); Prof S Cooper; Adv M B B Lekalakala; Mr D M Maimela; Mr M G Markovitz; Mr D K Mohuba; Ms B Muthien; Ms J Patel; Mr J H Phalane; Ms M B Papayya; Dr M Socikwa
Executive Directors: Mr M T Mxakwe (Group Chief Executive Officer); Ms S Tladi (Acting Chief Operations Officer); Ms Y van Biljon (Chief Financial Officer); Company Secretary: Ms L V Bayi

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as well as competitive talent poaching by other broadcasters has led the SABC losing expert competencies skills required to service the system adequately.

The disruption to the Television services due to technical fault or Harmonic Play-out system failure has adverse economic impact to the corporation and its reputation. It is on this basis that the motivation for a new Maintenance and Support contract which is insurance for sustenance of services is requested. The manufacturer of the server hardware and software, Harmonic recommend to all broadcasters to enter into maintenance and support agreement to access technical support.

The SABC had a three years Support Maintenance Contract Agreement (SLA) with Harmonic Playout which was effective from 1st April 2016 and expired by end of 31st March 2019.

Primarily the following outcomes are expected from the Support and Maintenance Agreement:

- Immediate Hardware failure replacements.
- Software updates
- 24/7 technical supports both locally and internationally.
- Prioritise resolution of technical faults

The following is the breakdown of the previous contract:

DEVIATION NUMBER	DATE	VALUE	COMMENTS
Omneon Maintenance and Support 2010/11 Reference Number: 00004073)	1 April 2010 to 31 March 2011	R 266 217.00	This was the first support and maintenance Contract of Harmonic Play-out system for three channels configuration.
Omneon Maintenance and Support 2011/12(SABC Reference Number: 00004073)	1 April 2011 to 31 March 2012	R 308 122.00	
Omneon Maintenance and Support 2012/13(SABC Reference Number: 00004073)	1 April 2012 to March 2013	R 332 772.00	
Omneon Maintenance and Support 2013/14(SABC Reference Number: 00008596)	1 April 2013 to 31 March 2014	R 406 410.00	A one year Renewal Contract was amended for the same three channels Play-out configuration system.
Omneon Maintenance and Support 2014 / 2015 (SABC Reference Number: 00005953)	10 June 2014 to 9 June 2015	R 639 349.00	The delays in renewing the expiring contract imposed the requirement for addendum to be made to the previous maintenance and support contract. The SABC took the risk of no support maintenance between periods of April to May 2014. (Annexure 1)
Omneon Maintenance and Support 2015 / 2016 Reference Number: 00005953)	10 June 2015 to 9 June 2016	R 712 163.22	
Omneon Maintenance and Support 2016 / 2019 (SABC Reference Number 00011636	01 July 2016 to 31 March 2019	R 4 977 117.60	The SABC decided to Upgrade its Harmonic Play-Out system

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			with extra channel ports, storage and capability for High Definition. This in turn increased the Support and Maintenance cost. The SABC was given support during the period of June to July 2016 by Local support by Harmonic product on basis of delayed internal processes to have generated a new maintenance contract.
THIS DEVIATION REQUEST	01 August 2019 to 31 July 2020 01 August 2020 to 31 July 2021 01 August 2021 to 31 July 2022 This DEVIATION REQUEST	R 1 372 941.20 (@ \$14.20 E.O.R) R 1 546 976.00 (@ \$16.00 E.O.R) R 1 595 319.00 (@ \$16.50 E.O.R) <u>R 4 515 236.20</u>	There has been internal process delays which led previous contract to end before the new one or renewal is in place.
TOTAL (Historic Spend and new contract amount)		R 12 157 386.00	

3. Motivation to Extend the Contract

Inala Technologies Pty Ltd is the single or only authorised provider and the exclusive Platinum partner to implement, service, and support Omneon Harmonic products in South Africa and Africa. (Attached OEM Letter)

Henley TV Transmission Facilities which facilitates the delivery of all Television offering as mandatory for the SABC, requires an assurance manufacturer's support for the Harmonic Play-out infrastructure system through a contract for Maintenance and Support with Inala Technologies to support the installed Omneon Harmonic Play-out products in Henley.

4. Risk

The following are risk associated with the absence of manufacturer's Omneon System Support:

- Without Omneon system support, the SABC will not be supported in case of any failures or malfunctions, this will lead to loss revenue for the SABC and loss of public trust and viewership.
- No immediate service support in case on failures of the hardware for the system as well as the turnaround time to have spares for the system.
- Without SLA the equipment is much expensive as compare to the costing cover within the SLA.
- The SABC will be subjected to first come first serve terms during equipment failure and downtime this will lead to elongated downtime and service disruption.

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- The potential loss of current expertise resources administering the system due to competitive offers by other broadcasters or health matters will cripple the system services.
- Inadequate resource capacity to build enough expertise on this infrastructure

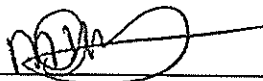
5. Financial Implications

Cost Centre	: SABC/417100 1223
Description	: Henley Transmission Tech WS: Maintenance and Repairs - Software
OPEX budget provision [2019]	: [R 4 515 236.20]
Funds Required [August 2019]	: [R 1 372 941.20] excl. VAT
Funds Required [August 2020]	: [R 1 546 976.00] excl. VAT
Funds Required [August 2021]	: [R 1 595 319.00] excl. VAT

6. Recommendation

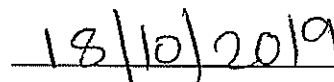
- It is recommended that the National Treasury approves the request to deviate from the normal procurement process for the maintenance and support Omneon Harmonic Play-out server equipment for a period of three (3) years at an amount of R 5,192,521.20 including Vat subject to exchange rate of \$ = R14.20.
- The SABC acknowledges its obligation to ensure that any goods and services are in accordance with a procurement system which is fair, equitable, transparent, competitive and cost effective.

Yours sincerely,



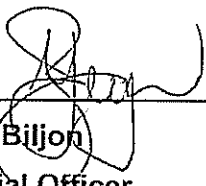
Irene Marutla

Head of Supply Chain Management (Acting)



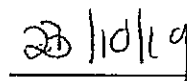
Date

Supported for submission by:

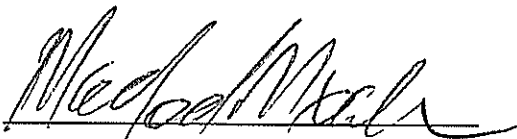


Yolande van Biljon

Chief Financial Officer

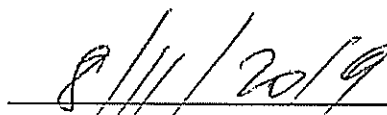


Date



Madoda Mxakwe

Group Chief Executive Officer



Date

March 15th, 2019

To: Whom it may concern

LETTER OF AUTHORIZATION

We, **Harmonic International AG**, a wholly owned subsidiary of Harmonic Inc. who is manufacturer of Video and Audio technology and having offices at Avenue de la Gare 12, Fribourg, Switzerland - 1700, are pleased to confirm the Harmonic's partner status of **Inala Broadcast** located at International business gateway, 4 Challenger Ave, Midridge Park, Midrand, South Africa and represented by Mr Colin Wainer.

Inala is Platinum Partner in Africa for Harmonic Acquisition, File transcoding, Playout and Storage equipments (WFS, Spectrum, Mediagrid and Polaris products).

Inala's engineers have done the necessary accreditation as required by Harmonic to be qualified as the Harmonic Platinum partner in the territory and for the equipments mentioned above.

Inala is, at the date of signature of this letter, the only reseller and service provider trained and authorized to provide onsite support, work with the TAC and co-ordinate RMA's of WFS, Spectrum, Mediagrid and Polaris products in Africa.

This letter is valid until April 30th, 2020.

Best Regards

Harmonic International AG



Landry DEVAUD
Managing Director

HARMONIC INTERNATIONAL AG

Avenue de la Gare 12
CH - 1700 FRIBOURG
Tel. +41 26 350 14 00
Fax +41 26 322 50 00



SABC

SOFTWARE SUPPORT AND EQUIPMENT MAINTENANCE SERVICES AGREEMENT

Between

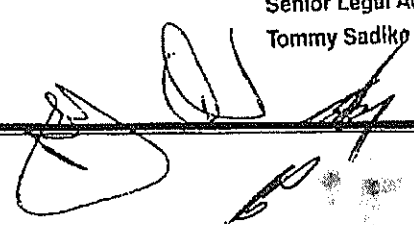
THE SOUTH AFRICAN BROADCASTING CORPORATION SOC LIMITED

And

INALA BROADCAST (PTY) LIMITED

AJS Reference Number: 000011636

Senior Legal Advisor
Tommy Sadlko





national treasury

Department:
National Treasury

REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 - Tel: (+27 12) 315 5111

Enquiries: Godfrey Masindi Tel: (012) 406 9186 Fax: 012 315 5343 Email: godfrey.masindi@treasury.gov.za

Ref: 43/1/2/5/1

Mr. Madoda Mxakwe
Group Chief Executive Officer
South African Broadcasting Corporation (SABC)
Private Bag X1
AUCKLAND PARK
2006

Email: marutlai@sabc.co.za

Dear Mr. M Mxakwe

REQUEST FOR DEVIATING FROM THE NORMAL PROCUREMENT PROCES: INALA BROADCAST (PTY) LTD

1. National Treasury acknowledges receipt of your application dated 18 October 2019 and received 20 January 2020.
2. The SABC is requesting approval to deviate from the normal procurement process by appointing Inala Broadcast (Pty) Ltd for the maintenance and support of Omneon Harmonic Play-Out server equipment used for broadcast of television services for a period of three (3) years from date of approval in the amount of R5,192,521.20.
3. The request for deviation was endorsed by the Group Chief Executive Officer on 08 November 2019.
4. The reasons provided for this deviation are that Inala Technologies (Pty) Ltd is the only authorised and the exclusive platinum partner to implement, service and support Omneon Harmonic products in South Africa. Henley TV transmission facilities which facilitates the delivery of all television offering mandatory for the SABC, requires an assurance manufacturer's support for the Harmonic Play-Out infrastructure system through a contract for maintenance and support. SABC is faced with several risks when operating without manufacturer's Omneon System support.
5. The reason for the deviation is justifiable.
6. National Treasury support the request for deviation on condition that the reasonableness of the price is assessed.
7. SABC has an obligation to ensure that any contract for goods and services is in accordance with a system of procurement which is fair, equitable, transparent, competitive and cost effective.
8. Please be advised that this award must be published on the e-tender portal.

Kind regards,


ESTELLE SETAN

ACTING CHIEF PROCUREMENT OFFICER

DATE: 27/1/2020



SOUTH AFRICAN BROADCASTING CORPORATION LIMITED SOC
REGISTRATION NUMBER 2003/023915/30

DEVIATION REPORT

1. DIVISION / DEPARTMENT REQUESTING THE SUBMISSION

Henley Television Facilities

2. TITLE OF SUBMISSION

Maintenance and Support of Omneon Harmonic Play-out server equipment

3. PURPOSE

The purpose of this submission is to request permission to deviate from normal procurement process and appoint Inala Broadcast Pty Ltd for the Maintenance and Support of Omneon Harmonic Play-out server equipment for a period of three (3) years at an amount of R 4 515 236.20 excluding Vat at an exchange rate of \$ = R14.20.

4. BACKGROUND

Henley TV Facilities: Transmission Facilities provides Play-out and Ingest Servers for the Final Control Centers (FCC) of SABC 1, 2, 3, SABC News, SABC Encore, SABC Sport, SABC Parliament on a 24/7 basis. Transmission Facilities facilitate the play-out of Advertising, Programmes and Promotional Content using the Omneon Harmonic Servers. All interstitial material, consisting of commercials, promo- and long form program clips, are stored on, and played out from these servers.

Harmonic, the manufacturer of the server hardware and software, offer and recommend to all broadcasters that they enter into maintenance and support agreement for their products. The SABC had an approximately three year Support Maintenance Contract Agreement (SLA) with Harmonic Playout which went into effect as of 1st July 2016 and expired on the 31st March 2019.

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AG*

5. SCOPE OF WORK

Primarily the following outcomes are expected from the Support and Maintenance Agreement:

- Immediate Hardware failure replacements.
- Software updates
- 24/7 technical support.

6. REASON FOR THE DEVIATION REQUEST

Inala Technologies Pty Ltd is the sole authorised provider and the exclusive Platinum partner to implement, service and support the Omneon Harmonic products in South Africa and Africa (Attached OEM Letter). For the past 6 years SABC has had a contract with Inala Technologies to support the installed Omneon Harmonic Play-out products in Henley TV Transmission Facilities.

Henley TV Transmission Facilities, which facilitates the delivery of all television offering mandatory for the SABC, requires an assurance manufacturer's support for the Omneon Harmonic Play-out system through a contract for maintenance and support. SABC would be faced with several risks if it were to continue to operate without the manufacturer's Omneon System support. National Treasury supported the request on 27 January 2020 on condition that the reasonableness of the price is assessed.

7. VENDOR SELECTION

Inala Broadcast Pty Ltd is the only reseller authorised to provide onsite support.

8. HISTORICAL SPEND ON THE CONTRACT

The following is the breakdown of the previous contract:

DEVIATION NUMBER	DATE	VALUE	PRICE PER MONTH	PERCENTAGE INCEASE
Omneon Maintenance and Support 2010/11 Reference Number: 00004073)	1 April 2010 to 31 March 2011	R 266 217.00	R22 184.75	
Omneon Maintenance and Support 2011/12(SABC Reference Number: 00004073)	1 April 2011 to 31 March 2012	R 308 122.00	R 25 676.83	15.7%

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Omneon Maintenance and Support 2012/13(SABC Reference Number: 00004073)	1 April 2012 to March 2013	R 332 772.00	R 27 731.00	8%
Omneon Maintenance and Support 2013/14(SABC Reference Number: 00008596)	1 April 2013 to 31 March 2014	R 406 410.00	R 33 867.50	22,12%
Omneon Maintenance and Support 2014 / 2015 (SABC Reference Number: 00005953)	10 June 2014 to 9 June 2015	R 639 349.00	R 53 279.08	57,32%
Omneon Maintenance and Support 2015 / 2016 Reference Number: 00005953)	10 June 2015 to 9 June 2016	R 712 163.22	R 59 346.94	11,39%
Omneon Maintenance and Support 2016 / 2019 (SABC Reference Number 00011636	01 July 2016 to 31 March 2019	R 4 977 117.60	R150 821.75	154.14%
TOTAL		R 7 642 149.80		

The SABC decided to upgrade its Harmonic Play-Out system with additional equipment which included extra channel ports, storage and capability for High Definition. This resulted in an increase to the Support and Maintenance cost due to additional equipment being supported. The increase in the tariff in 2016 was due to the additional Disaster Recovery Harmonic Spectrum Server, maintenance support for equipment that will become out of warranty for the proceeding 3 years, harmonic hardware failure replacements, Polaris software support and various software upgrades. The SABC was provided with the maintenance support during the period of June to July 2016 while waiting for the internal processes to finalize the maintenance contract.

9. FINANCIAL IMPLICATION

THIS REQUEST	DEVIATION	01 April 2020 to 31 March 2021	R 1 372 941.20 (@ \$14.20 E.O.R)	R 114 411.77	Increase from \$288 296 \$290 058 or 0.6%
		01 April 2021 to 31	R 1 546 976.00 (@	R 128 914.67	12,68%

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	March 2022	\$16.00 E.O.R)		
	01 April 2022 to 31 March 2023	R 1 595 319.00 (@ \$16.50 E.O.R)	R 132 943.25	3,12%
	TOTAL	R 4 515 236.20 EXC. VAT		

10. ASSESSMENT OF PRICE REASONABLENESS

The following are the similar systems which can provide the same services:

Service Providers	System	Annual Maintenance cost Excluding VAT
Zimele Broadcasting Services Pty Ltd	Dalet Payout	No response
Centrax Systems	Cinergy Payout	R 77 826.96
Harambe Technologies	Evertz Payout	Free under warranty and 8% for maintenance of the original cost
Concillium Technologies	ROSS Payout	R 855 954.00
Protea Electronics Pty Ltd	SAM Payout	R 313 064.50

The aforementioned system were not exactly the same therefore

While the above exercise has been done, it is difficult to compare apples with apples and therefore proper comparison could not be done on the already existing system.

11. NEGOTIATION PARAMETERS

Negotiation with the recommended service provider will be conducted on the foreign exchange rates and the period of support of equipment that becomes obsolete in

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[Signature]
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12. COMPLIANCE WITH SCM REGULATION/S AND/ OR SABC POLICIES.

Description	Status	Comments
SCM Instruction Note 3 of 2016/17	Comply	Preferred supplier, approval obtained from National Treasury
SCM Instruction Note 7 of 2017/18	Comply	Tax Compliant
BBBEE	Comply	1
Delegation of Authority	Comply	Approval is requested in line with section F of DAF
Central Supplier Data Base	Comply	
Completed Foreign supplier tax	N/A	N/A
TV Licenses for Company and Directors	Comply	Attached

13. LEGAL IMPLICATIONS

A formal contract will be concluded between the SABC and Inala Broadcast Pty Ltd.

14. RISKS AND MITIGATIONS

The following are the risks associated with the absence of the manufacturer's Omneon System Support:

- Without Omneon system support, the SABC will not be supported in case of any failures or malfunctions; this will lead to revenue loss of approximately R16m per day and the loss of public trust and reduced viewership.
- No immediate service support in case of failures of the hardware as well as lengthy turnaround time to replace spares for the system.
- Without the SLA, the equipment is more expensive to acquire directly as compared to purchasing the equipment via the Service Provider.
- The SABC will be subjected to first come first serve terms during equipment failure and downtime which will lead to prolonged downtime and service disruption.

15. IMPLEMENTATION PLAN / DELIVERABLES

As soon as the contract is signed.

16. ACCOMPANYING / SUPPORTING DOCUMENTS

- Annexure A - SABC submission to National Treasury
- Annexure B - Response from National Treasury
- Annexure C - Previous contracts
- Annexure D - Official Authorised Omneon reseller
- Annexure E - CSD Report

17. RECOMMENDATION

- It is recommended that the BAC approves the request to deviate from the normal procurement process and appoint Inala Broadcast Pty Ltd for the maintenance and support Omneon Harmonic Play-out server equipment for a period of three (3) years at an amount of R 4 515 236.20 excluding Vat at an exchange rate of \$ = R14.20.
- It is recommended that the Head of SCM and the GE: MTI be duly authorised to sign the contract documentation on behalf of the SABC.

18. SIGNATURES

Prepared by:



Israel Vele

Demand Manager (Acting)


16/03/2020

Date

Supported for submission by:

Buti Seipei

Acting Manager: TV Studios



Rubendra Naidoo

GM: SCM Strategic Sourcing (Acting)

Date

16/3/2020

Date



Nirvana Singh

GM: SCM Governance

23/03/2020

Date

Supported for submission to BAC by:



Irene Marutla

Head: SCM (Acting)

23/03/2020

Date

Nirvana Singh

GM: SCM Governance

Date

Supported for submission to BAC by:

Irene Marutla

Head: SCM (Acting)

Date

SABC

SCM Division
20th Floor, Radio Park, Henley Road
Auckland Park, 2034
Private Bag X1, Auckland Park, 2006
Johannesburg, Gauteng, South Africa
Tel +27 11 714-2091
E-mail: velel@sabc.co.za
Website: www.sabc.co.za

24 March 2020

Anton Van Staden
Inala Broadcast Pty Ltd
International Business Gateway New Road
4 Challenger Road
Midrand
1685

BY EMAIL: Anton.VanStaden@inalabroadcast.co.za

Dear Sir

**LETTER OF AWARD FOR THE MAINTENANCE AND SUPPORT OF OMNEON HARMONIC
PLAY-OUT SERVER EQUIPMENT FOR A PERIOD OF THREE (3) YEARS**


With reference to the abovementioned request, we would like to inform you that SABC has reached a decision to enter into a contract with Inala Broadcast Pty Ltd for the maintenance and support of Omneon Harmonic Play-Out server equipment for a period of three (3) years at an amount of R 4 515 236.20 excluding VAT at an exchange rate of \$=R14.20.

A contract stipulating further terms and conditions will be drawn by the SABC for your signature at a prior arranged date.

Kindly liaise with the SABC representative on this project, Buti Seipei on 011 714 6977, regarding any decisions, costs and/or any other matter pertaining to this project, prior to any costs and/or services being incurred which would fall outside the agreed costs of the project.

Kindly confirm your acceptance of the above by signing below within 1 day.
THE AMOUNT TO BE INVOICED IS SUBJECT TO THE RATE OF EXCHANGE ON THE DATE OF INVOICE, AS PER OUR TERMS & CONDITIONS IN QUOTATION REF. Q229-2018-R3.

Yours faithfully


Irene Marutla
Head: SCM (Acting)

24/03/2020
Date

I, A. VAN STADEN hereby accept the conditions as stipulated
in this letter and the tender document.

Signature: 

Date: 27/3/2020

South African Broadcasting Corporation SOC Limited: Registration Number: 2003/023915/30
Non-Executive Directors: Mr B E Makhathini (Chairperson); Ms M Mchala-Muludzi (Deputy Chairperson); Prof S Cooper; Adv M B B Lokalakalo;
Mr D M Maimela; Mr M G Markovitz; Mr D K Mohuba; Ms B Muthien; Ms J Patel; Mr J H Phalane; Ms M B Papayya; Dr M Sockwa
Executive Directors: Mr M T Mxakwe (Group Chief Executive Officer); Mr I C Plaaijes (Chief Operations Officer); Ms Y van Biljon (Chief Financial Officer); Company Secretary: Ms L V Bayl

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Office of Company Secretary
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Private Bag X1, Auckland Park, 2008
Johannesburg, Gauteng, South Africa
Tel +27 11 714-3139, Fax +27 11 714-2819
www.sabc.co.za

16 March 2020

TO WHOM IT MAY CONCERN

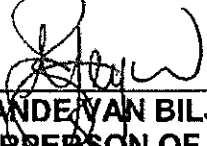
EXTRACT OF THE DRAFT MINUTES OF THE BID ADJUDICATION COMMITTEE MEETING, HELD IN THE BOARDROOM, 28TH FLOOR, RADIO PARK, HENLEY ROAD, AUCKLAND PARK, JOHANNESBURG ON 16 MARCH 2020

3.3 Omneon Harmonic Playout Server System

***RESOLVED* that:**

- (1) The deviation from normal procurement process to enter into a contract with Inala Broadcast (Proprietary) Limited, for the maintenance and support of the Omneon Harmonic Play-out Server for a period of three years commencing 1 April 2020, at an amount of R4 515 236,20 (exclusive of VAT) at an exchange rate of 1USD = R14.20; subject to the CSD Report and TV Licence compliance
- (2) The Head of SCM and the GE: MTI be duly authorised to sign the contract documentation outlined in Resolution (1) above on behalf of the SABC.

Certified a true extract of the Minutes


YOLANDE VAN BILJON
CHAIRPERSON OF THE BID ADJUDICATION COMMITTEE

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