

ANNEXULE C

Q4 (JAN-MARCH)

EXPANSION

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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
26 February 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

REQUEST TO EXTEND THE TV LICENCES OFF-SITES INBOUND CALL CENTRE

1. PURPOSE

The Purpose of this request is to obtain approval to extend the existing TV Licences off-sites inbound Call Centre services contract in excess of 15% with Transaction Capital Recoveries Pty Ltd for a period of twelve (12) months at an estimated amount of R 8 508 942.00 including VAT.

2. BACKGROUND

The current off-site TV Licences inbound Call Centre services contract will expire on the 14 April 2020. The contract was awarded as interim Call Centre off-site services while the business explores a permanent Call Centre solution for TV Licences Call Centre.

The core business of the TV Licences Division is to optimise funding to the Public Broadcasting Service through the collection and management of Television Licence fees. The collection of Television Licence fees is governed by Section 27 of the *Broadcasting Act, No 4 of 1999, as amended*.

The TV Licences Division's Customer Services Call Centre is the first point of contact for licence holders and is a key stakeholder in improving the collection of TV Licence fees. The Call Centre operations aim to ensure easy accessibility for licence holders to the TV Licences support staff. The business wants to mitigate a risk post contract expiry in mid-

South African Broadcasting Corporation SOC Limited: Registration Number: 2003/023915/30
Non-Executive Directors: Mr B E Makhathini (Chairperson); Ms M Mofuza-Mufaudzi (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 Platjies (Chief Operations Officer); Ms Y van Biljon (Chief Financial Officer); Company Secretary: Ms L V Bayi

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April 2020 while finalising the long-term solution regarding incoming calls. For business continuity and to avoid a disruption in services, the business wish to continue with current model of outsourcing inbound Call Centre services by extending the current contract with TCR for a limited duration of twelve (12) months while the business continues to engage with the relevant governance structures for a permanent solution to deal with TV Licences inbound calls. The engagements and negotiations will be held with TCR to accept a proposed extension based on the following terms:

- Twelve (12) months contract will be entered into between the SABC and TCR.
- The contract should cater for early termination by means of a 1-month notice.
- An addendum to be effected to the main agreement giving effect to the extension.

3. **MOTIVATION TO EXTEND THE TV LICENCE OFF- SITES IN BOUND CALL CENTRE CONTRACT**

TV Licence's main inbound Call Centre is an important requirement in the divisional structure due to its operating hours. The Call Centre's operating times are 8:00am to 18:00pm, Monday to Saturday, 9:00am to 17:00pm on Sunday and public holidays. The current modus of operandi in the TV licence Call Centre includes servicing Retailers on point of sale for Retailer Validations and Domestic licences for the general households for the public.

Tender number RFP/TV/2018/52 for Call Centre Services for a period of twelve months was published on 19 July 2018 and closed on 24 August 2018. Upon closing of the tender, twelve (12) bids were received. The tender was evaluated based on the evaluation criteria as published on the tender and Transaction Capital Recoveries Pty Ltd was appointed as successful bidder. The contract started on 15 February 2019 to 14 February 2020. The contract has since been expanded by 15% of the original contract value and the new end date is 14 April 2020.

The twelve (12) months contract approval was granted while the business seeks to explore internal alternatives for a permanent Call Centre solution through rigorous engagements with Media Technology Infrastructure (MTI) division on the latest technology available in the market with respect to TV licence long term solution.

The services includes handing all domestic general house hold TV licence incoming calls offsite through management of twenty six (26) employees at an approved cost. The management of staff and resources including office space, labour issues and staff contracts are all administered by the service provider. The service offering through TCR for the SABC is managed through a contract and the service level agreement in place.

The new business case to go out on tender for TV licence inbound Call Centre services for five (5) years has been initiated and at final approval stage before the tender process can kick start. Due to the long duration, the business case required higher approval level

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and the tender process will start as soon as the approval and long term funds are allocated.

4. RISK

The expiry of the current contract on 14 April 2020 would results in:

- No customer service delivery;
- Unresolved TV licence enquiries;
- Negative media publicity;
- Loss of revenue;
- Brand damage;
- Increase in non-compliance to TV Licence legislation

5. FINANCIAL IMPLICATIONS

Cost Summary for Current contract and required Expansion

PREVIOUS SPEND	DATE	AMOUNT (INCL. VAT)
Previous contract	15 February 2019 – 14 February 2020	R 8 073 000.00
Extension of contract	15 February 2020 – 14 April 2020	R 1 083 127.50
Total Contract Amount		R9,156,127.50
This extension request	15 April 2020 – 14 March 2021	R 8 508 942.00
TOTAL		R,17,665,069.50

The 2020 extension expenditure amounts are based on a current inflation CPI rate of 5.4% and VAT.

6. SUPPORTING DOCUMENTS

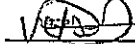
- Annexure A - BEC recommendation report (for initial tender)
- Annexure B - Contract
- Annexure C - Resolutions

7. RECOMMENDATION

It is recommended that:

- National Treasury grant the approval to extend the TV Licence off-site inbound Call Centre services contract in excess of 15% with Transaction Capital Recoveries Pty Ltd for a period of twelve (12) months from 15 April 2020 to 14 March 2021 at an amount **R8,508,942.00** including VAT while the SABC source the long term solution.
- The business case to go out on the new tender for TV licence inbound Call Centre services for five (5) years has been initiated and at its final approval stage before the tender process can kick start. Due to the new tender asking for long duration , the business case has been submitted to higher approval level and the tender process will start as soon as the approval and long term funds are allocated.
- 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)

27/02/2020

Date

Supported by:



Irene Marutla

Head of Supply Chain Management (Acting)

27/02/2020

Date



Yolande van Biljon

Chief Financial Officer

2/3/20

Date



Madoda Mxakwe

Group Chief Executive Officer

3/3/2020

Date



national treasury

Department:

National Treasury

REPUBLIC OF SOUTH AFRICA

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

Enquiries: Thabile Khome Tel: (012) 315 5827 Fax: 012 315 5343 Email: thabile.khome@treasury.gov.za

Ref No: 43/1/2/5/1

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

Email: marutlai@sabc.co.za

Dear Mr. Mxakwe

EXTENSION OF CONTRACT IN EXCESS OF 15% - APPOINTMENT OF TRANSACTION CAPITAL RECOVERIES (PTY) LTD

1. The National Treasury acknowledges receipt of your application dated 5 March 2020.
2. The SABC is requesting approval to extend the Transaction Capital Recoveries (Pty) Ltd contract for off-site TV Licence inbound call centre services for a period of twelve (12) months (15 April 2020 to 14 March 2021) at an estimated amount of R8 508 942.00 including VAT at 105.4% variance. The contract was previously extended from (15 February 2020 to 14 April 2020) in the amount of R1 083 127.50 at 13.4% variance. The initial contract amount is R8 073 000.00 (15 February 2019 to 14 February 2020).
3. The extension was recommended by the Group Chief Executive Officer on 3 March 2020.
4. The reason for the extension is that the SABC wants to mitigate a risk post contract expiry on 15 April 2020 while engagements with relevant structures for a permanent solution are underway.
5. The reason for the extension is justifiable. However, the period of extension is not justifiable.
6. National Treasury supports the extension of contract for six (6) Months. The contract is being extended for the second time. You are advised to immediately initiate 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.
8. The award must be published on the e-tender portal/ tender bulletin.

Kind regards,

ESTELLE SETAN
ACTING CHIEF PROCUREMENT OFFICER

DATE: 30/3/2020



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

EXTENSION OF CONTRACT

1. DIVISION / DEPARTMENT REQUESTING THE SUBMISSION

TV Licence

2. TITLE OF SUBMISSION

Extension of TV Licence off sites contract

3. PURPOSE

The Purpose of this request is to obtain approval to extend the existing TV Licences off-sites inbound Call Centre services contract in excess of 15% with Transaction Capital Recoveries Pty Ltd for a period of six (6) months at an estimated amount of **R4,254,471.00** including VAT. The SABC submission to National Treasury was for an extension for a period of twelve (12) months at an estimated amount of R 8 508 942.00 including VAT. The request for the extension of contract has been supported by National Treasury for period of six (6) months only and is in line with the requirements of SCM Instruction Note 3 of 2016/17. The estimated amount was accordingly adjusted to align to the approval of a six (6) months period.

4. BACKGROUND

The current off-site TV Licences inbound Call Centre services contract will expire on the 14 April 2020. The contract was awarded as interim Call Centre off-site services while the business explores a permanent Call Centre solution for TV Licences Call Centre. The core business of the TV Licences Division is to optimize funding to the Public Broadcasting Service through the collection and management of Television Licence fees. The collection of Television Licence fees is governed by Section 27 of the *Broadcasting Act, No 4 of 1999, as amended*.

The TV Licences Division's Customer Services Call Centre is the first point of contact for licence holders and is a key stakeholder in improving the collection of TV Licence fees. The Call Centre operations aim to ensure easy accessibility for licence holders to the TV Licences support staff. The business wants to mitigate a risk post contract expiry in mid-April 2020 while finalizing the long-term solution regarding incoming calls. For business continuity and to avoid a disruption in services, the business wish to continue with current model of outsourcing inbound Call Centre services by extending the current contract with TCR for a limited duration of six (6) months while the business continues to engage with the relevant governance structures for a permanent solution to deal with TV Licences inbound calls. The engagements and negotiations will be held with TCR to accept a proposed extension based on the following terms:

- Six (6) months contract will be entered into between the SABC and TCR.
- The contract should cater for early termination by means of a 1-month notice.
- An addendum to be effected to the main agreement giving effect to the extension.

5. SCOPE OF WORK

- TV Licence inbound call centre

6. REASON TO EXTEND THE CONTRACT

TV Licence's main inbound Call Centre is an important requirement in the divisional structure due to its operating hours. The Call Centre's operating times are 8:00am to 18:00pm, Monday to Saturday, 9:00am to 17:00pm on Sunday and public holidays. The current modus operandi in the TV licence Call Centre includes servicing Retailers on point of sale for Retailer Validations and Domestic licences for the general households for the public.

Tender number RFP/TV/2018/52 for Call Centre Services for a period of twelve months was published on 19 July 2018 and closed on 24 August 2018. Upon closing of the tender, twelve (12) bids were received. The tender was evaluated based on the evaluation criteria as published on the tender and Transaction Capital Recoveries Pty Ltd was appointed as successful bidder. The contract started on 15 February 2019 to 14 February 2020. The contract has since been expanded by 15% of the original contract value and the new end date is 14 April 2020.

The six (6) months contract approval was granted while the business seeks to explore internal alternatives for a permanent Call Centre solution through rigorous engagements with Media Technology Infrastructure (MTI) division on the latest technology available in the market with respect to TV licence long term solution.

The services includes handing all domestic general house hold TV licence incoming calls offsite through management of twenty six (26) employees at an approved cost. The management of staff and resources including office space, labour issues and staff contracts

are all administered by the service provider. The service offering through TCR for the SABC is managed through a contract and the service level agreement in place.

The new business case to go out on tender for TV licence inbound Call Centre services for five (5) years has been initiated and at final approval stage before the tender process can kick start. Due to the long duration, the business case required higher approval level and the tender process will start as soon as the approval and long term funds are allocated.

7. VENDOR SELECTION

Transaction Capital Recoveries Pty Ltd is the current service provider appointed for the inbound TV licence call centre.

8. FINANCIAL IMPLICATION

Cost Summary for Current contract and required Expansion

PREVIOUS SPEND	DATE	AMOUNT (INCL. VAT)
Initial contract	15 February 2019 – 14 February 2020	R 8, 073, 000.00
Extension of contract	15 February 2020 – 14 April 2020	R 1, 083, 127.50
Total Contract Amount		R9, 156, 127.50
This extension request	15 April 2020 – 14 October 2020	R 4, 254, 471.00
	TOTAL	R13, 410, 598.50

The 2020 extension expenditure amounts are based on a current inflation CPI rate of 5.4% and VAT.

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

Description	Status	Comments
SCM Instruction Note 3 of 2016/17	Comply	Extension of contract
SCM Instruction Note 9 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

10. LEGAL IMPLICATIONS

A formal contract will be concluded between the SABC and Transaction Capital Recoveries Pty Ltd.

11. RISKS AND MITIGATIONS

The expiry of the current contract on 14 April 2020 would results in:

- No customer service delivery;
- Unresolved TV licence enquiries;
- Negative media publicity;
- Loss of revenue;
- Brand damage;
- Increase in non-compliance to TV Licence legislation

12. IMPLEMENTATION PLAN / DELIVERABLES

As soon as the contract is signed.

13. ACCOMPANYING / SUPPORTING DOCUMENTS

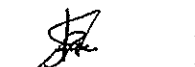
- Annexure A - SABC submission to National Treasury
- Annexure B - Response from National Treasury
- Annexure C - Previous contracts
- Annexure D - CSD Report

14. RECOMMENDATION

- It is recommended that the BAC approves the request to eextend the TV License off-site inbound Call Centre services contract in excess of 15% with Transaction Capital Recoveries Pty Ltd for a period of six (6) months at an amount of **R4,254,471.00** including VAT while the SABC source the long term solution.
- It is recommended that the Head of SCM and the Head: TV Licences be duly authorised to sign the contract documentation on behalf of the SABC.

15. SIGNATURES

Supported for submission by:



1 April 2020

Rubendra Naidoo

Date

GM: SCM Strategic Sourcing (Acting)



1 April 2020

Nirvana Singh

Date

GM: SCM Governance

Supported for submission to BAC by:



1 April 2020

Irene Marutla

Date

Head: SCM (Acting)



Office of Company Secretary
29th Floor, Radio Park, Henley Road
Auckland Park, 2094
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www.sabc.co.za

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**

2.3 TV Licence Call Centre Contract Expansion

***RESOLVED* that:**

- (1) The extension of the current TV License Off-site Inbound Call Centre services contract, in excess of 15% with Transaction Capital Recoveries (Proprietary) Ltd for a period of six months, at an amount of R4 254 471,00 (inclusive of VAT), while the SABC sources a long term solution, be and is hereby approved.
- (2) The Head of SCM and the Head of TV Licences 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**

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SCM Division
20th Floor, Radio Park, Henley Road
Auckland Park, 2034
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E-mail: velei@sabc.co.za
Website: www.sabc.co.za

12 April 2020

Maheshini Naidoo

Director/ Executive: Retail
Transaction Capital Recoveries

Tel +27 (11) 560-6328

Cell +27 (79) 396-0485

342 Jan Smuts Avenue, Hyde Park, Johannesburg, 2196

BY EMAIL: maheshinin@tcrecoveries.co.za

Dear Sir/Madam

**LETTER OF AWARD TO TRANSACTION CAPITAL RECOVERIES PTY LTD FOR THE
EXTENSION OF TV LICENCES OFF-SITES INBOUND CALL CENTRE**

With reference to the abovementioned request, we would like to inform you that the SABC has reached a decision to extend the existing contract by way of an addendum with Transaction Capital Recoveries Pty Ltd for a period of six (6) months starting on 15 April 2020 at an amount not exceeding **R4,254,471.00** including VAT.

An addendum to the existing 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, **Jack Matlala on 011 330 9533**, 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 ASAP.

Yours faithfully

Irene Marutla
Head: SCM (Acting)

12 April 2020

Date

I, Maheshini Naidoo, hereby accept the conditions as stipulated in this letter and the tender document.

Signature: _____

Date: 14 April 2020

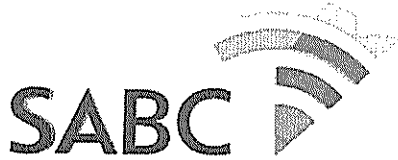
South African Broadcasting Corporation SOC Limited: Registration Number: 2003/023915/30

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 Biljon (Chief Financial Officer); Company Secretary: Ms L V Bayi



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Supply Chain Management Division
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Johannesburg, Gauteng, South Africa
Tel +27 11 714-2348
E-mail: marutlai@sabc.co.za
Website: www.sabc.co.za
15 November 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

REQUEST FOR THE EXPANSION OF SOFTWARE LICENSES AND SUPPORT OF BIS NETPASS FOR A PERIOD OF THREE (3) YEARS

1. Purpose

The purpose of this request is to request approval for expansion the existing contract with BIS Advanced Systems Pty Ltd in excess of 15% for software licenses and support of BIS-Netpass for a period of three (3) years at an amount of \$44,712.00 (Estimated amount of R855,437.44 excluding of Vat).

2. Background

BIS-Netpass is used by the SABC for managing multiple sessions or connections to the Mainframe from a single screen, managing screen print output and analysing response time and throughput problems.

BIS-Netpass services the TV Licences application and other smaller applications like the Archives, Radio, TV and Finances. It has been in use for several years on the mainframe and still meets the SABC business and technical needs. The current contract is expiring on the 31 December 2019.

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 (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

The Netpass product is integrated with CA-ACF2 that is being used by the SABC as a security package and also integrated with Natural/ADABAS programs developed for the license system. The functionality contained in Netpass is exploited by the TV licence system. To change it to an alternate product would mean significant re-development of the TV Licence application to replace a fully functional product that cost the SABC only R1.7m over the last 11 years. With the challenging financial position of the SABC, the alternative would be to explore a front end that would access the TV Licence system directly from a browser but it would still be significantly costly. The best business option is to use Netpass product that has not increased in annual price in the last 10 years. BIS Advanced Software Systems is the sole developers and owners of the Net Pass software and the only sole reseller of this software.

4. Risk

- If the SABC does not enter into a new contract for BIS-Netpass software, the SABC will not be licensed to operate the software and authorisation keys will expire rendering the TV Licences applications as well as the archived Millennium system financial documents unusable for anyone utilising the z-Series mainframe.
- Such a position will impact the SABC negatively in an operational area that represents a significant revenue base.

5. Financial Implications

DEVIATION REQUEST	DATE	ESTIMATED AMOUNT IN RANDS
Previous contract	1 January 2016 – 31 December 2019	R670,680.00
This deviation request	1 January 2020 – 31 December 2022	R855,437.44 (\$44,712.00)
TOTAL		R 1,526,117.44

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6. Recommendation

- It is recommended that the permission be granted to expand the existing contract with BIS Advanced Systems Pty Ltd in excess of 15% for the renewal of software licenses and support of BIS-Netpass for a period of three (3) years at an amount of \$ 44,712 (Estimated amount of R 855 437.44 excluding of 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.

Yours sincerely,



Irene Marutla

Head of Supply Chain Management (Acting)



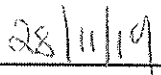
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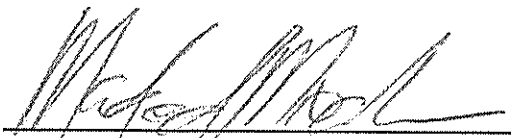


Yolande van Biljon

Chief Financial Officer




Date



Madoda Mxakwe

Group Chief Executive Officer



Date

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11/07/2019

For:

Vuyi Manentsa
SABC

Approval of ownership and exclusivity.

We hereby confirm that we, BIS Advanced Software Systems Ltd. are the sole developers and owners of the **Net Pass** software, and the only ones in Israel that provide support and maintenance services for the above software. We are also the sole resellers of this software and there is no other party authorized to sell the software.

Sincerely,

Avida Berenstein
Operation Manager
BIS Solutions
T: +97237111305
www.bis-solutions.com

A handwritten signature in black ink that reads 'Avida Berenstein'. The signature is written over a faint, printed version of the same name and the company name 'Advanced Software Systems Ltd.'.

FAX: +9723-7111301 TEL +9723-7111300 / 35 Montefiore st, Tel Aviv 6520104
www.bis-solutions.com avida@bis-solutions.com

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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

Enquiries: Hudley Nkadameng Tel: (012) 395 6700 Fax: 012 315 5343 Email: hudley.nkadameng@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

EXPANSION OF CONTRACT IN EXCESS OF 15% - APPOINTMENT OF BIS ADVANCED SYSTEMS PTY LTD

1. National Treasury acknowledges receipt of your application dated 15 November 2019.
2. The South African Broadcasting Corporation (SABC) is requesting approval to expand the Software licenses and support of BIS Netpass with BIS Advanced Systems Pty Ltd (Pty) Ltd for a period of three (3) years (1 January 2020 to 31 December 2022), in the amount of R855 437.44 at 128% variance. The original contract amount was R670 680.00 (1 January 2016 to 31 December 2019).
3. The request was endorsed by the Group Chief Executive Officer on 29 November 2019.
4. The reasons provided for the expansion are that Netpass product has not increased in annual price in the last 10 years. BIS Advanced Software System is the sole developers and owners of the Net Pass software and the only sole reseller of this software.
5. The reasons for the expansion are justifiable.
6. National Treasury supports the expansion of contract.
7. The Institution 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. The award must be published on the e-tender portal/tender bulletin.

Kind regards,

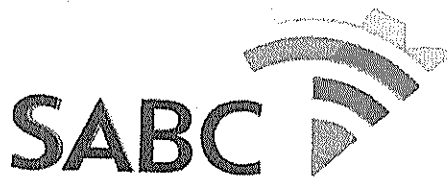
ESTELLE SETAN
ACTING CHIEF/PROCUREMENT OFFICER

DATE: 30/1/2020

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

DEVIATION REPORT

1. DIVISION / DEPARTMENT REQUESTING THE SUBMISSION

BIT

2. TITLE OF SUBMISSION

Extension of contract for Software licences and support of BIS-Netpass

3. PURPOSE

The purpose of this request is to obtain approval to deviate from normal SCM processes to extend the existing contract with BIS Advanced Systems Pty Ltd for software licenses and support of BIS-Netpass for a period of three (3) years at an amount of \$ 44,712 (Estimated amount of R 855 437.44 excluding of Vat).

4. BACKGROUND

BIS-Netpass is used by the SABC for managing multiple sessions or connections to the Mainframe from a single screen, managing screen print output and analysing response time and throughput problems.

BIS-Netpass by services the TV Licences application and other smaller applications like the Archives, Radio, TV and Finances. It has been in use for several years on the mainframe and still meets the SABC business and technical needs.

5. SCOPE OF WORK

Software licences and support of BIS-Netpass for a period of three (3) years.

6. REASON FOR THE DEVIATION REQUEST

The Netpass product is integrated with CA-ACF2 that is being used by the SABC as a security package and also integrated with Natural/ADABAS programs developed for the license system. The functionality contained in Netpass is exploited by the TV licence system. To change it to an alternate product would mean significant re-development of the TV Licence application to replace a fully functional product that cost the SABC only R1, 7m over the last 11 years. With the financial position of the SABC it would be advisable to rather explore a front end that would access the TV Licence system directly from a browser but it would still be significant more costly at a time where funding is restricted. The best business option is to use Netpass product that has not increased in annual price in the last 10 years. BIS Advanced Software Systems is the sole developers and owners of the Net Pass software and the only sole reseller of this software.

7. VENDOR SELECTION

BIS Advanced Software Systems is the sole developers and owners of the Net Pass software and the only sole reseller of this software.

8. HISTORICAL SPEND ON THE CONTRACT

SPEND	DATE	ESTIMATED AMOUNT IN Rands
Previous contract	2016 – 2019	R 670,680.00
This deviation request	2020- 2022	R 855,437.44
	TOTAL	R 1,526,117.44

9. FINANCIAL IMPLICATION

The total expenditure for the extension of contract by 3 years amount to R 855,437.44 excluding VAT.

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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 BIS Advanced Systems Pty Ltd.

12. RISKS AND MITIGATIONS

If the SABC does not enter into a new contract for BIS-Netpass software, the SABC will not be licensed to operate the software and authorisation keys will expire rendering the TV Licences applications as well as the archived Millennium system financial documents unusable for anyone utilising the z-Series mainframe.

Such a position will impact the SABC negatively in an operational area that represents a significant revenue base.

13. IMPLEMENTATION PLAN / DELIVERABLES

As soon as the contract is signed.

14. ACCOMPANYING / SUPPORTING DOCUMENTS

- SABC submission to National Treasury
- Response from National Treasury
- Approved Business case

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15. RECOMMENDATION

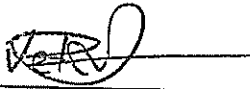
- It is recommended that the permission be granted to deviate from the normal SCM processes and approve the extension of the existing contract with BIS Advanced Systems Pty Ltd for the renewal of software licenses and support of BIS-Netpass for a period of three (3) years at an amount of \$ 44,712 (Estimated amount of R 855 437.44 excluding of Vat).
- 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.

estimated exchange Rate as of
07 Feb 2020 R 15.04.
Rand value

R 672,468.48.
MD

16. SIGNATURES

Prepared by:



Israel Vele

Demand Manager (Acting)

30/01/2020

Date

Supported for submission by:



Wessel Dippenaar

Manager: Data Administration

30/1/2020

Date



Rubendra Naidoo

GM: SCM Strategic Sourcing (Acting)

6/2/2020

Date

(RAND EQUIVALENT ON 6/2/2020 IS
R 659 502 @ R 14.75/1\$.

m.j



Nirvana Singh

GM: SCM Governance

6/02/2020

Date

~~Supported for submission to BAC by:~~ **Approved**



Irene Marutla

Head: SCM (Acting)

07/02/2020

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: marullai@sabc.co.za
Website: www.sabc.co.za
03 March 2020

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

Dear Ms Khame

REQUEST TO EXPAND THE EXISTING BULK SMS CONTRACT VALUE IN EXCESS OF 15%

1. PURPOSE

The purpose of this submission is to request approval to expand the existing Bulk SMS contract value with Sizwe Africa IT with an amount of **R2,100,000.00** excluding VAT to cover expenditure until contract expiration in March 2021. The contract value will be expanded by more than 15% of the original contract value.

2. BACKGROUND

TV Licences utilises Wireless Application Service Provider (WASP) solutions is used to dispatch renewal notices, invoices and other television licence correspondence items via SMS to active TV licence holders on its database. On an annual basis, ±16.5m SMS messages are dispatched via the WASP at an average cost of about ±R2.06m excluding VAT based on the current rate of R0.125 (dependent on the number of messages distributed) until the end of the contract (31 March 2021)

TV Licences has contracted WASP services for more than twelve (12) years to enable the Division to communicate with TV licence holders on an electronic platform. The service includes bulk SMS dispatch, short code and cell number verification services.

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 Lerakala; 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 Plaatjes (Chief Operations Officer); Ms Y van Biljon (Chief Financial Officer); Company Secretary: Ms L V Bayi

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The SABC issued an open tender on the market on 15 June 2017 and it closed on the 06 July 2017. After evaluations were done, Sizwe Africa IT Group Pty Ltd was awarded a tender for a period of three years.

The current agreement with Sizwe Africa IT for this service is from 1 April 2018 to 31 March 2021. The cost per SMS currently is R0.125 and the full contract value for the 3-year period is R4,687,484 excluding Vat. Included in the existing agreement is an additional service of a Short Code, a self-service solution that allows licence holders to check their TV Licence account balances via SMS without having to contact the TV Licences call center.

3. MOTIVATION TO EXPAND THE VALUE OF THE CONTRACT

TV Licences has introduced bulk printing and mailing in addition to the two (2) existing modes of communication to collect licence fees (SMS and E-mail). SMS and Email enables a number of benefits such as:

- Faster delivery of notices;
- Delivery confirmations;
- Quicker payment turnaround times; and
- Failover options

The contract value of the existing bulk SMS service provider (Sizwe IT) will be depleted within the next 3 months which will lead to disruption in the following services:

- Bulk SMS messaging;
- Short-code service;
- USSD service;
- Self-service portal for SABC to manage campaigns;
 - Ability to stagger campaigns according to business needs
 - Resending of correspondence
- Response files via secure file transfer solution (daily & ad-hoc);
- Delivery reports per campaign; and
- Ability to distribute ad-hoc SMS messages from desktop

A disruption in the above mentioned services will have huge negative effects on TV Licence revenue collection.

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4. RISK

Bulk SMS messaging is one of the division's main forms of communication with licence holders due to the low cost and quick delivery it provides. The current Bulk SMS agreement will expire in March 2021 but the contract value is anticipated to be depleted in the next 3 months due to the unforeseen increase in internal ad-hoc campaigns to supplement collections from bad debts in the absence of Debt Collecting Agencies as well as the once-off VAT Increase 2018 campaign. To avoid a disruption in the provision of this service, the required procurement process needs to be initiated to enter the market, identify and appoint a new service provider for a 5-year period.

5. FINANCIAL IMPLICATIONS

	DATE	VALUE (EXCLUDING VAT)
Previous contract value	01 April 2018 – 31 March 2021	R4 687 484.00
Expansion request	Until 31 March 2021	R2 100 000.00 (the amount is based on current monthly spend)
Total		R6,787,484.00
VAT (15%)		R1,018,122.60
Total Including VAT		R7,805,606.60

6. SUPPORTING DOCUMENTS

- Annexure A - BEC Recommendation report to appoint Sizwe Africa IT Group
- Annexure B - BAC Resolutions
- Annexure C – Previous contract

7. RECOMMENDATION

It is recommended that:

- National Treasury grant the approval to expand the existing Bulk SMS contract value with Sizwe Africa IT with an amount of R2,100,000.00 excluding VAT in excess of 15% to cover expenditure until contract expiration in March 2021.
- 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)

05/03/2020

Date

Supported by:



Irene Marutla
Head of Supply Chain Management (Acting)

05/03/2020

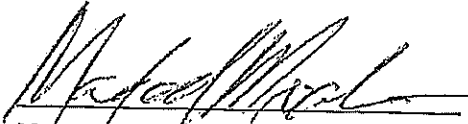
Date



Yolande van Biljon
Chief Financial Officer

6/3/20

Date



Madoda Mxakwe
Group Chief Executive Officer

10/3/20

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: 012 315 5343 Email: thabile.khame@treasury.gov.za

Ref No: 43/1/2/5/1

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

Email: marutlai@sabc.co.za

Dear Mr. Mxakwe

EXPANSION OF CONTRACT IN EXCESS OF 15% - APPOINTMENT OF SIZWE AFRICA IT

1. The National Treasury acknowledges receipt of your application dated 11 March 2020.
2. The SABC is requesting approval to expand the Sizwe Africa IT contract for bulk SMS Licence inbound call centre services to accommodate the increase in VAT from 14% to 15% for a period of twelve (12) months (1 April 2020 to 31 March 2021) in the amount of R2 100 000.00 excluding VAT at 44.8% variance. The initial contract amount is R4 687 484.00.00 (1 April 2018 to 31 March 2021).
3. The extension was recommended by the Group Chief Executive Officer on 10 March 2020.
4. The reason for the expansion is that the contract value of the will be depleted within the next 3 months due to the unforeseen VAT Increase in 2018 which required unplanned SMS notices to all TV Licence holders and unforeseen and unplanned ad-hoc SMS campaigns to all arrear accounts due to absence of Debt Collectors Agencies.
5. The reason for the extension is justifiable.
6. National Treasury supports the expansion of contract for the period 1 April 2020 to 31 March 2021.
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. The award must be published on the e-tender portal/ tender bulletin.

Kind regards,

ESTELLE SETAN

ACTING CHIEF PROCUREMENT OFFICER

DATE: 24/3/2020

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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

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**

2.2 Bulk SMS Contract Expansion

***RESOLVED* that:**

- (1) The expansion of the existing Bulk SMS contract value in excess of 15% with Sizwe Africa IT Group (Proprietary) Ltd, at an amount of R2 100 000,00 (exclusive of VAT), to cover expenditure until contract expiration in March 2021, be and is hereby approved.
- (2) The Head of SCM and the Head of TV Licences 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**

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