

Annexure D
of (April-June)
Expansions

P 73 - 108



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 EXPANSION OF 15% - APPOINTMENT OF 21st CENTURY (PTY) LTD

1. National Treasury acknowledges receipt of your appeal letter dated 13 February 2020.
2. The South African Broadcasting Corporation (SABC) was requesting approval to expand a contract for 21st Century (Pty) Ltd to assist the organisation in developing a new Sales Incentive Scheme. The initial contract commenced on 01 February 2014 to 30 April 2014 in the amount of R409 500.00. The contract was expanded by 15% in the amount of R60 890.43 with a termination date of 30 April 2020. The new contract is in the amount of R86 956.52 ending 30 April 2020 at a variance of 21%.
3. The request was endorsed by the Group Chief Executive Officer on 17 December 2019.
4. The reasons provided for the expansion were that approval of this contract was obtained in 2014 at a contract amount of R409 500.00. However, the project was reprioritised in 2019 and the rate per hour had increased. In addition, a number of the priorities changed which required that some of the work had to be redone.
5. National Treasury did not support the expansion of this contract in a letter dated 19 December 2019 as it was erroneously indicated that the contract expired on 30 April 2019 instead of 30 April 2020.
6. The reasons for the expansion are justifiable.
7. National Treasury response letter dated 19 December 2019 is hereby withdrawn.
8. National Treasury support the expansion.
9. 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.

Kind regards,

ESTELLE SETAN
ACTING CHIEF PROCUREMENT OFFICER

DATE: 30/3/2020



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
13 February 2020

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

**APPEAL LETTER RE: RESPONSE FROM NATIONAL TREASURY (REF: 43/1/2/5/1)
REGARDING EXPANSION OF CONTRACT: 21ST CENTURY (PTY) LTD**


1. Purpose

The above matter refers to your letter dated 20 December 2019 and emailed to the SABC on 27 January 2020 of which the content is noted.

The following have been noted from the response letter received from National Treasury:

- Point 6 of the National Treasury letter state that "*National Treasury does not support the expansion because the contract expired on 30 April 2019.*"

It should be noted that the referred contract is valid until **30 April 2020** and not 2019. The signed contract with the end date of 30 April 2020 was submitted to National Treasury. Point 2 of the National Treasury response letter also made a reference to the correct contract end date of 30 April 2020. The SABC therefore request the National Treasury to review the response and grant the approval for the required critical and urgent services for the SABC.

 m.i

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

15

JP

2. Supporting Documents

- Contract that expires on 30 April 2020
- Response letter received from National Treasury

3. Recommendation

It is recommended that:

- The National Treasury to review the response send to the SABC on 27 January 2020 and approve the required critical and urgent services for the SABC
- It is recommended that approval be granted to extend the existing 21ST Century Pty Ltd contract in excess of 15% by an amount of R 86,956.52 excluding 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,



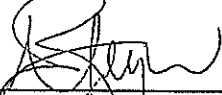
Irene Marutla

Head of Supply Chain Management (Acting)

13/02/2020

Date

Supported for submission by:

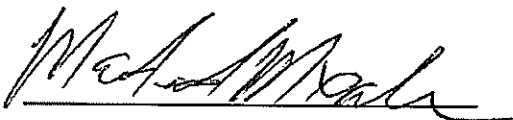


Yolande van Biljon

Chief Financial Officer

13/2/20

Date



Madoda Mxakwe

Group Chief Executive Officer

17/2/2020

Date



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 21st CENTURY (PTY) LTD

1. National Treasury acknowledges receipt of your application dated 06 December 2019.
2. The South African Broadcasting Corporation (SABC) is requesting approval to expand a contract for 21st Century (Pty) Ltd to assist the organisation in developing a new Sales Incentive Scheme. The initial contract commenced on 01 February 2014 to 30 April 2014 in the amount of R409 500.00. The contract was expanded by 15% in the amount of R60 890 .43 with a termination date of 30 April 2020. The contract is in the amount of R86 956.52 ending 30 April 2020 at a variance of 21%.
3. The request was endorsed by the Group Chief Executive Officer on 17 December 2019.
4. The reasons provided for the extension are that approval of this contract was obtained in 2014 at a contract amount of R409 500.00. However, the project was reprioritised in 2019 and the rate per hour had increased. In addition, a number of the priorities changed which required that some of the work had to be redone.
5. The reasons for the extension are not justifiable.
6. National Treasury does support the expansion because the contract expired on 30 April 2019.
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.

Kind regards,

WILLIE MATHEBULA
ACTING CHIEF PROCUREMENT OFFICER

DATE: 20.12.19



FIRST DEED OF ADDENDUM TO SERVICE LEVEL AGREEMENT

BETWEEN

THE SOUTH AFRICAN BROADCASTING CORPORATION SOC LTD

AND

21ST CENTURY PAY SOLUTIONS GROUP PROPRIETARY LIMITED

SABC REFERENCE NUMBER: 14600

**Legal Advisor
Free Mingo**

A handwritten signature in black ink, appearing to be "H. Mingo", is written over the printed name of the legal advisor.

Handwritten initials or a signature in black ink, possibly "L. J. M.", are located at the bottom right of the page, below the legal advisor's signature.

CONTENTS

1. PARTIES	3
2. DEFINITIONS AND INTERPRETATION	3
3. INTRODUCTION	4
4. VARIATION AND EXTENSION OF THE MAIN AGREEMENT	5

Senior Legal Counsel
14600/N Mhlaba/1m 21st CENTURY PAY SOLUTIONS GROUP PROPRIETARY LIMITED

[Signature]

14600/N Mhlaba/1m 21st CENTURY PAY SOLUTIONS GROUP PROPRIETARY LIMITED (June 2019)

[Signature]
[Signature]

80

[Signature]

1. PARTIES

- 1.1 **THE SOUTH AFRICAN BROADCASTING CORPORATION SOC LIMITED**, a state-owned company registered in terms of the company laws of South Africa, under registration number 2003/023915/30 and constituted in terms of the Broadcasting Act, No. 4 of 1999, as amended, and having its principal place of business at corner Henley and Artillery Roads, Auckland Park, Johannesburg, Republic of South Africa; and
- 1.2 **21ST CENTURY PAY SOLUTIONS GROUP PROPRIETARY LIMITED** a private company with limited liability incorporated in terms of the company laws of the Republic of South Africa, with registration number 2001/029830/07 and having its principal place of business at 12 Bolton Road, Rosebank, Johannesburg, Gauteng, Republic of South Africa

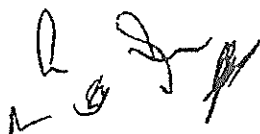
2. DEFINITIONS AND INTERPRETATION

- 2.1 In this Addendum, unless the context clearly indicates the contrary intention as herein provided, words and expressions defined in the Main Agreement shall, when used in this Addendum, bear the same meanings as ascribed to such words and expressions in the Main Agreement:
- 2.1.1 "Addendum" means this first deed of addendum to the Main Agreement and any annexure hereto, in terms of which the Main Agreement is amended;
- 2.1.2 "Effective Date" means the date on which this Addendum shall be of force and effect, which for the avoidance of doubt shall be the Signature Date hereof;
- 2.1.3 "Main Agreement" means the Service Level Agreement entered into between the SABC and the Service Provider which commenced on 1 February 2014 for a 3 (three) month period until 30 April 2014 or when the Service Provider has completed rendering the Services, which agreement shall be incorporated by reference and forms an integral part of this Addendum and is attached hereto marked as Annexure "A";
- 2.1.4 "Parties" means the SABC and the Service Provider and "Party" shall be a reference to either of them as the context indicates;
- 2.1.5 "SABC" means the Party described in clause 1.1 above;
- 2.1.6 "Services" means the development of a commission scheme for the SABC's Group Sales and Marketing Division;

- 2.1.7 "Service Provider" means the Party described in clause 1.2 above;
- 2.1.8 "Signature Date" means the date upon which this Addendum shall be signed by the Party signing last in time;
- 2.1.9 "Termination Date" means the date upon which this Addendum shall cease to be of any force or effect, which for avoidance of doubt shall be 30 April 2020; and
- 2.1.10 "VAT" means the Value Added Tax payable in terms of the Value Added Tax Act 89 of 1991, as amended from time to time
- 2.2 In this Addendum unless the contrary appears from the context, the provisions contained in the Main Agreement relating to its interpretation shall apply mutatis mutandis.
- 2.3 If there is any conflict between the provisions of this Addendum and the provisions of the Main Agreement then the provisions of this Addendum shall prevail.

3. INTRODUCTION

- 3.1 It is recorded that the Parties entered into the Main Agreement in terms of which the SABC appointed the Service Provider for the provision of the Services.
- 3.2 In terms of clause 2.1.13 of the Main Agreement the agreement remained effective and binding on the Parties until 30 April 2014 or when the Service Provider has completed rendering the Services.
- 3.3 Subsequent to the development of the commission scheme and following approval of the commission scheme by SABC management, a consultation process with organised labour was to commence. However organised labour was not willing to engage at the time and therefore the consultation process never commenced which resulted in the Service Provider not being able to complete delivery of the Services in full.
- 3.4 The project is now being reprioritized and consultation with organised labour has commenced. It is also recorded that some other delays occasioned by changes in management and removal of key members from the project have also resulted in the project overrunning its planned consulting hours. As a result thereof there is now a need to extend the Main Agreement for another 27 (twenty seven) hours of consultation with the Service Provider as they have already commenced with the consultation process with organised labour.



3.5 It is intended by this Addendum, that the relationship between the Parties as recorded in the Main Agreement be amended and varied as provided in this Addendum.

3.6 The Parties accordingly wish to be bound by the provisions of the Main Agreement to the extent that they have not been amended by this Addendum and to be bound by the terms and conditions set out in this Addendum.

4. **VARIATION AND EXTENSION OF THE MAIN AGREEMENT**

4.1 This Addendum shall commence on the Signature Date and shall continue until the Termination Date, after which both this Addendum and the Main Agreement will become null and void and of no legal force or effect.

4.2 The Parties agree that the Service Provider shall continue to provide the Services contemplated in the Main Agreement on such further terms and conditions as the Parties may agree.

4.3 The Parties agree to an additional Contract Amount of R70 024.00 (Seventy Thousand and Twenty Four Rand) including VAT for the Service rendered in terms of this Addendum subject to the applicable terms of payment specified in the Main Agreement.

4.4 For the avoidance of any doubt, the SABCO shall pay to the Service Provider the additional Contract Amount of R70 024.00 (Seventy Thousand and Twenty Four Rand) including VAT in accordance with the provisions of clause 9 of the Main Agreement.

5. **REMAINING TERMS AND CONDITIONS**

Save for the amendments to the Main Agreement as set out in this Addendum, the remaining terms and conditions of the Main Agreement shall remain of full force and effect and bind the Parties according to its terms and neither of the Parties shall be bound by any undertakings, representations, warranties or promises made, in respect of such amendments, which are not recorded herein.

14600/N Mhlanga/Im 21st CENTURY PAY SOLUTIONS GROUP PROPRIETARY LIMITED (June 2019)

Senior Legal Advisor
14 June 2019

[Handwritten signatures]

83

THUS DONE AND SIGNED AT JOHANNESBURG THIS 10 DAY OF June 2019

AS WITNESSES

1. [Signature]
2. [Signature]

[Signature]

(Signature on behalf of SOUTH AFRICAN BROADCASTING CORPORATION SOC LTD, who warrants his/her authority)

Full Name: Thabile Dlamini
Designation: GM Finance

THUS DONE AND SIGNED AT Rosebank THIS 12 DAY OF June 2019

AS WITNESSES

1. [Signature]
2. [Signature]

[Signature]

(Signature on behalf of 21ST CENTURY PAY SOLUTIONS GROUP PROPRIETARY LIMITED, who warrants his/her authority)

Full Name: CRAIG RAATH
Designation: EXECUTIVE DIRECTOR

THUS DONE AND SIGNED AT JOHANNESBURG THIS 06 DAY OF JUNE 2019

AS WITNESS

1. [Signature]

[Signature]

(Signature on behalf of SOUTH AFRICAN BROADCASTING CORPORATION SOC LTD, SABC LEGAL DEPARTMENT, who warrants his/her authority)

Full Name: Mzee Munlo
Designation: Acting General Manager: Commercial Services



SCM Division
20th Floor, Radio Park, Henley Road
Auckland Park, 2034
Private Bag X1, Auckland Park, 2006
Johannesburg, Gauteng, South Africa
E-mail: MahlaleHR@sabc.co.za
Website: www.sabc.co.za

20 April 2020

Karessa Viranna
21st Century Pay Solutions
P.O.Box 973
SAXONWORLD
2132

KViranna@21century.co.za

Dear Madam

LETTER OF AWARD TO EXTEND THE CONTRACT WITH 21st CENTURY PAY SOLUTIONS (PTY) LTD TO ASSIST THE SABC TO DEVELOP A NEW SALES INCENTIVE SCHEME

With reference to the abovementioned request, we would like to inform you that SABC has reached a decision to extend the contract with 21st Century Pay Solutions (Pty) Ltd for a period from 1 May 2020 to 31 December 2020 at an amount of R 86, 956.52 excluding VAT.

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, **Matsobane Gololo on 011 714 7105, email GololoMJ@sabc.co.za**, 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)

20 April 2020

Date

I, CRAIG RAATH hereby accept the conditions as stipulated in this letter and the tender document.

Signature:

Date: 3rd June 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 Bijlon (Chief Financial Officer); Company Secretary: Ms L V Bayi

85

86

21



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

EXPANSION OF EXISTING CONTRACT WITH 21ST CENTURY (PTY) LTD

1. DEPARTMENT REQUESTING THE SUBMISSION

Commercial Enterprises Finance

2. TITLE OF SUBMISSION

Extension of 21st Century (PTY) Ltd contract to assist the organization in developing a new Sales Incentive Scheme.

3. PURPOSE

The purpose of this submission is to obtain approval to expand the existing 21st Century (Pty) Ltd contract, in excess of 15% by an amount of R 86, 956.52 excluding VAT by a further 8 months from 1 May 2020 to 31 December 2020

4. BACKGROUND

The SABC contracted the services of 21st Century (Pty) LTD to assist the organization in developing a new Sales Incentive Scheme. The contract was concluded in 2014 and was for a period of three months, from 01 February to 30 April 2014, or when the service provider has completed rendering the service, at an estimated value of R409,500 excluding VAT.

The project team was successful in establishing a good foundation in its initial stage. However, as a result of changes in management and key personnel, the project suffered significant delays, and was reprioritized in 2019. This meant that the contracted rate per hour had increased. In addition, quite a number of the priorities changed which required that some of the work had to be redone.

The contract was extended in March 2019 with an expiry date of 30 April 2020 at an amount of R60, 890.43 excluding VAT.

EXPANSION OF EXISTING CONTRACT WITH 21ST CENTURY (PTY) LTD

5. SCOPE OF WORK

21st Century (Pty) Ltd is appointed to assist the organization in developing a new Sales Incentive Scheme.

The remaining work to complete the project is listed below:

- Presentation of final commission scheme to CE Management
- Brief SAP System
- Presentation of scheme mechanics to Labour
- Training of Users on the user model
- Training of super users on the SABC model

6. REASON FOR THE EXPANSION REQUEST

The project has made significant progress. The Sales incentive model has now been finalized and draft was presented by 21ST Century to the SABC on 29 November 2019. What remains is ratification by the respective stakeholders at the SABC, and further consultation with Organised Labour.

The Sales Incentive scheme is an integral part of the total salary of the Sales Team that is responsible for at least 84% of the SABC's revenue. Failure to complete this project will seriously impact on revenue of the SABC and also result in wasteful and fruitless expenditure.

The time required to complete the scope of works is 5 months, but due to the lockdown it is estimated that a further 3 months or more would be required for unexpected delays depending on when the lock down will be uplifted..

7. VENDOR SELECTION

21st Century Pty Ltd was appointed through a quotation system.

8. FINANCIAL IMPLICATION

EXPANSION OF EXISTING CONTRACT WITH 21ST CENTURY (PTY) LTD

Previous contract

Previous Project spend		
Inv date	Services	Ex Vat
30-Jun-14	Phases I; II; 50% of Phase III; 3 days@R13000.	R 39,000.00
31-Jul-14	July 4 Days @ R13,000	R 52,000.00
31-Oct-14	Sept and Oct 1 days @ R13000	R 13,000.00
30-Nov-14	20 days @ R13,000	R 260,000.00
31-Mar-16	Bus Reps mtg, Model Changes, Sub Ass: 1@ R 15.500	R 15,500.00
31-Mar-18	February and March 18 1,5 Days @ R17,500	R 26,250.00
		R 405,750.00

Contract History

	Expiry Date	Value (excluding VAT)
Initial contract	30 April 2014 or until the service provider complete the work	R 409,500.00
Initial contract variation	30 April 2020	R 60,890.43
Total spend to date		R 470,390.43
This contract extension request	When the work is complete	R 86,956.52
Total		R 557,346.95

EXPANSION OF EXISTING CONTRACT WITH 21ST CENTURY (PTY) LTD

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

Description	Status	Comments
SCM Instruction Note 3 of 2017/18	Comply	Extension of contract
SCM Instruction Note 7 of 2017/18	Comply	Tax compliant
BBBEE	Comply	2
Delegation of Authority	Comply	Approval is requested in line with section F of DAF
Central Supplier Data Base	Registered	CSD Number: MAAA0001473
Completed Foreign supplier tax	N/A	N/A
TV Licenses for Company and Directors	Comply	Attached

10. LEGAL IMPLICATIONS

The contract will be finalized by the SABC Legal department.

11. RISKS AND MITIGATIONS

Failure to complete the project will not only seriously impede sales, but will result in wasteful expenditure due to the non-delivery of this project.

12. IMPLEMENTATION PLAN / DELIVERABLES

A new implementation plan will be compiled taking into account the delays in the lockdown and as soon as the approval for expansion is granted and the contract is signed.

13. ACCOMPANYING / SUPPORTING DOCUMENTS

- Letter to National Treasury
- Response Letter from National Treasury
- Appeal Letter to National Treasury

EXPANSION OF EXISTING CONTRACT WITH 21ST CENTURY (PTY) LTD

- Response on appeal letter from National Treasury
- 21ST Century Pty Ltd CSD Report

14. RECOMMENDATION

- It is recommended that the Head of SCM extend the existing 21ST Century Pty Ltd contract in excess of 15% by an amount of **R 86,956.52** excluding VAT for a period of 8 months from 1 May 2020 to 31 December 2020.
- It is recommended that the Head of SCM and CFO be duly authorized to sign the contract documentations on behalf of SABC

15. SIGNATURES:

Supported for submission by:

Rubendra Naidoo

20 April 2020

Rubendra Naidoo

Date

GM: Strategic Sourcing (Acting)

Approved by:

Irene Marutla

20 April 2020

Irene Marutla

Date

Head: SCM (Acting)



national treasury

Department:

National Treasury

REPUBLIC OF SOUTH AFRICA

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

Enquiries: Kwena Ngoetjana Tel: (012) 315 5010 Fax: (012) 315 5343 Email: Kwena.Ngoetjana@treasury.gov.za

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

EXTENSION OF CONTRACT IN EXCESS OF 15% THRESHOLD: APPOINTMENT OF SUNGLIDE 100 CC

1. National Treasury acknowledges receipt of your application dated 11 May 2020.
2. The South African Broadcasting Corporation (SABC) is requesting approval to extend Lease agreement with Sunslide 100 CC for the SABC Northern Cape Kimberly office at an amount of R4 393 368.00 (Incl. VAT) for a period of three years, from 01 July 2020 to 30 June 2023. The original contract value amounts to R1 478 383.43. The contract was extended for a period of two (2) years commencing 01 July 2018 to 30 June 2020 in the amount of R2 542 374.12. The variation is 469%.
3. The deviation was supported by the Group Chief Executive Officer on 21 May 2020.
4. The reason provided for the deviation is that relocation to another office will be more expensive considering that specialised systems and equipment are installed in the offices at an expense to the SABC. The office is in the Corporate Strategy Implementation Centre where some of the SABC platforms, Radio, News and Sports are hosted. A new TV studio has been erected for easy access to the Northern Cape communities.
5. The reason provided for the deviation is justifiable.
6. National Treasury supports the extension on condition that the rate per square meter is market related.
7. SABC 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,



29/06/2020

ESTELLE SETAN
ACTING CHIEF PROCUREMENT OFFICER
DATE: 29 06 2020

93

10P



Procurement 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
11 May 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 FOR APPROVAL TO EXTEND LEASE AGREEMENT FOR THE SABC
NORTHERN CAPE OFFICES WITH SUNGLIDE 100 CC FOR A PERIOD OF THREE YEARS**

1. The Purpose

- To request extension of lease agreement with Sunslide 100 CC for the SABC Northern Cape Kimberly office for a period of three years, from 01 July 2020 to 30 June 2023 at an amount of **R4,393,368.00** (VAT inclusive).
- National Treasury Instruction No. 3 of 2016/17, clause 9 indicates that expansion or variation of orders for services cannot be varied by more than 15% or 15 million (including VAT) of the original contract for all goods and services. This request for approval is due to the fact that the contract extension is above 15%.

2. Background

Northern Cape is one of the 3 Provinces created in 1994 when the then Cape Province was splitted up. The SABC's involvement in the Province started as a News Bureau and in September and October 1995 regional transmitter splits for the Afrikaans Stereo and

M.M. M.I. Gub

95

22

Extension of Lease Agreement: With Sunslide 100 CC

Setswana Stereo were launched in the Northern Cape and changed the Provincial broadcasting landscape. These changes brought the SABC to Kimberley in the Northern Cape. By 1996 the office had grown considerably with staff complement of 27 from a one person Bureau representing the SABC.

In March 2015 the Province was established as a Stand-alone Province with the appointment of the Provincial General Manager. SABC Northern Cape's Operations were basically similar to other SABC Provinces. However, the status of the Northern Cape Province office is no longer financially sustainable, the expenditure is more than R30 million but it only generate revenue of about R0.5 million. Therefore, a new lease agreement is not the best option as the SABC is considering its options.

The SABC is currently reviewing its Real Estate Plan to determine a long term strategy for the property in the Provinces. While this is underway, it is imperative that the current lease agreement is extended for business continuity.

3. Motivation to Extend the lease

The SABC has an existing contract with Sunslide which expires at the end of June 2020. A Request for Information (FRI) was issued on 10 December 2019 to test the market, however no responses were received. The decision to relocate to another office space will be more expensive as compared to renewing the current lease agreement with Sunslide. Therefore, the option of remaining in the building will be in the best interest of the organisation.

Furthermore, the Northern Cape SABC office has been responsible for the design and supervision of the specialist items such as air conditioning for the studios and edits areas acoustics and sound sensitive areas, standby power, security access as well as UPS power installed. Structured cabling and telephone network were also installed. All costs for these specialised systems and equipment was for the SABC account.

The SABC Northern Cape office is in the Corporate Strategy Implementation Centre where some of the SABC platforms, Radio, News and Sports are hosted. A new TV studio has been erected for easy access to The Northern Cape communities

Extension of Lease Agreement: With Sunslide 100 CC

4. Risk

The Commercial Property Market in the Northern Cape does not offer wider options; it will take a while and it will not be easy to find a suitable property. The possibility that the property owner might decide to rent the property to a willing business and throw the SABC out if the lease is not concluded on time is high. The building houses the Northern Cape Province SABC operations and is therefore a crucial element of the SABC business, hence the need for urgent attention.

Erecting studios in different locations and installing Telkom lines as well as setting up and commissioning SABC main control can be costly and has high risks of disconnection. Relocation will also require new network points fittings and additional power points, relocating generators, chillers and UPS systems which can be a very futile exercise.

5. Financial Implications

The proposal to extend the lease for the Northern Cape will save the SABC an amount of R 100,000 00 per month (VAT inclusive) for the first year (2020/2021, this will amount to R 1.2 million savings. This amount is slightly lower than the negotiated amount for 2018. The assumption is a 6% escalation, which is equivalent to the escalation provided in the previous contract with Sunslide CC.

FINANCIAL YEAR	AMOUNT ANNUUM	PER VAT	TOTAL VAT INCLUSIVE
2020/2021	1,200,000.00	180,000.00	1,380,000.00
2021/2022	1,272,000.00	190,800.00	1,462,800.00
2022/20	1,348,320.00	202,248.00	1,550,568.00
TOTAL	3,820,320.00	573,048.00	4,393,368.00

6. Supporting documents

- Previous approval from National Treasury - Annexure A
- Quotation from the supplier. - Annexure B



gub

M.I

3

Extension of Lease Agreement: With Sunslide 100 CC

7. Recommendation

- It is recommended that the National Treasury grant approval to extend the lease agreement with Sunslide 100 CC for the SABC Northern Cape Kimberly office for a period of three years, from 01 July 2020 to 30 June 2023 at an amount of **R 4,393,368.00 including VAT**.

Prepared by:

Rose Mahlaule

Rose Mahlaule
Demand Manager

18 May 2020

Date

Supported by:

Irene Marutla

Irene Marutla
Head of Supply Chain Management (Acting)

18 May 2020

Date

Yolande van Biljon

Yolande van Biljon
Chief Financial Officer

20 May 2020

Date

Ian Plaatjes

Ian Plaatjes
Chief Operating Officer

21 May 2020

Date

Madoda Mxakwe

Madoda Mxakwe
Group Chief Executive Officer

21 May 2020

Date



**SOUTH AFRICAN BROADCASTING CORPORATION SOC
LIMITED**

**TENDERERS ARE REQUIRED TO TREAT THE DETAILS OF
THIS RFI ENQUIRY AS CONFIDENTIAL.**

REQUEST FOR INFORMATION (RFI)

RFI NUMBER: RFI/LOG/2019/29

**RFI TITLE: FOR PROVISION OF ALTERNATIVE OFFICE SPACE FOR
SABC KIMBERLY**

Address: SABC Auckland Park
Henley Road
Johannesburg

Telephone: 011 714 2821

Contact Person: Thembi Maseko
masekotp@sabc.co.za

EXPECTED TIMEFRAME

TENDER PROCESS	EXPECTED DATES
RFI Issue Date	15 October 2019
Available on SABC Internet	15 October 2019
Briefing session	No Briefing will be held
RFI Closing Date	08 November 2019 @ 12h00

The Corporation retains the right to change the timeframe whenever necessary and for whatever reason it deems fit.

DOCUMENTS (OPTIONAL)

- 1) Valid Tax Clearance Certificate
- 2) Valid TV Licence (Company's and all Directors)
- 3) Valid BBBEE Certificate (from SANAS affiliated Agency)
- 4) Company Registration Document
- 5) Shareholders' certificates

CONTACT DETAILS OF THE BIDDER:

Company Name: _____

Physical Address: _____

Contact person:

Name : _____

Telephone : _____

Mobile : _____

Fax : _____

E-mail address : _____

REQUEST FOR INFORMATION (RFI) FOR THE PROVISION OF ALTERNATIVE OFFICE SPACE FOR SABC KIMBERLY

1. PURPOSE

The purpose of this RFI is to request information and pricing for a suitable alternative office space for leasing to accommodate SABC Kimberly Broadcast Centre.

2. BACKGROUND

SABC Northern Cape office is the Corporate Strategy Implementation Centre where some of the SABC platforms: Radio, News and Sports are hosted. The current lease with SABC Northern Cape office in Cnr South Circular and Bultfontein Road, Kimberley 8300 expires at the end of June 2020 and this building is unsuitable and poses risks to staff and the organisation as a whole.

The environment around the broadcast centre is affected by noise due to nearby taxi rank daily activities and the area has become a crime hotspot and this is a definite threat to the safety of staff and other stakeholders. In addition to this, the BIG HOLE is subsiding and poses a threat to all properties in the area including the SABC.

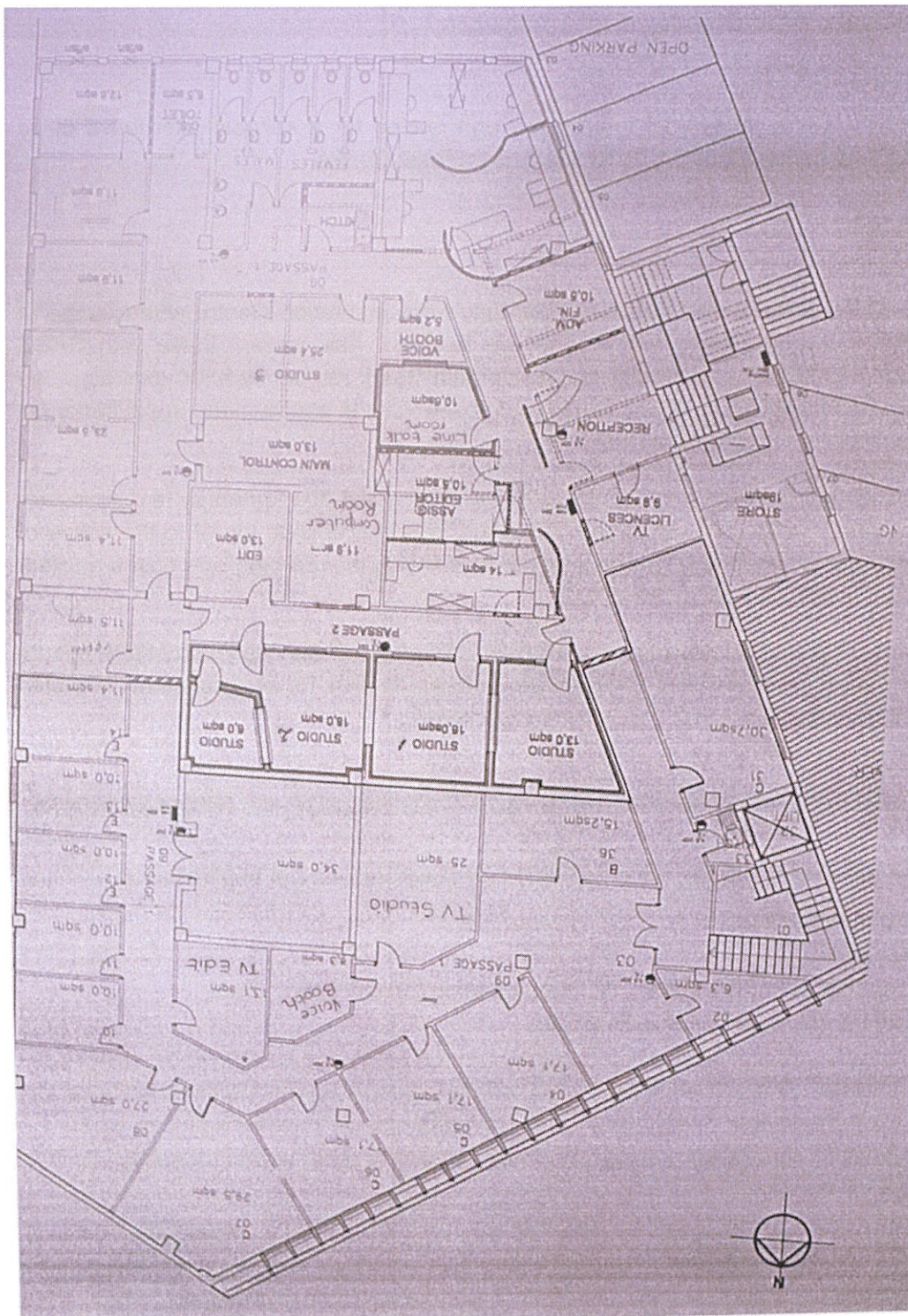
A number of options have been previously considered including consultation with estate agents in the search of new premises and the organisation would like to explore other available opportunities in the market and other cost effective proposals.

3. SCOPE OF SERVICES AND TECHNICAL SPECIFICATIONS FOR RFI REQUIREMENTS

The service provider must submit suitable information that will include but not limited to:

- Increase parking space
- Highly secured
- Must accommodate future expansion, e.g. improved broadcast facilities
- Must accommodate people with disabilities
- Easily accessible Building must lean towards broadcasting and be able to be equipped and fitted with studios and other broadcast infrastructure. Neighboring land use to be in line with SABC's environmental needs e.g. not industrial due to noise pollution etc.)
- Building must be accessible to the public including bus or other means of public transport accessibility.
- Building must be situated in such a way that we can become NKPA compliant.
- Visibility of the site is important.
- Parking for OB vans must be big enough to fit extended heights of vehicles.
- Fire suppression system with notification systems to be installed
- Studios to be acoustically treated and will have to be built to spec
- 2 x UPS systems big enough to support the operations
- 2 x Generators to support the operations
- Chiller plant for centralized air-conditioning for studios.

Current Floor Plan for SABC Kimberly Offices



Layout of floor space				
Offices	Department	Allocated to	Personnel	Square m
Offices				
1	RBR	Technical producer	2	14,0
2	Logistics	Handyman	1	11,5
3	Logistics	Open office used as store room		11,5
4	PGM	PGM's secretary	1	11,5
5	PGM	PGM's office	1	23,6
6	Logistics	Logistical clerk	1	11,5
7	Logistics	Wellness office	1	11,5
8	Logistics	Kitchen and cleaners office	5	12,8
10	Logistics	Cleaners' store room		5,0
13	Logistics	Finance office	1	28,0
15	Logistics	TV Licence office 2	1	10,5
16	Logistics	TV Licence office 1	1	10,5
17	News	Current Affairs	10	30,7
20	Logistics	HR office		10,0
21	News	Assignment editor	1	17,1
22	News	News room	3	17,1
23	News	News room	3	17,1
24	News	News room	5	29,5
25	News	Cameramen office	5	27,0
26	News	Provincial editor	1	27,0
27	News	Provincial editor		10,0
28	News	Editorial assistant	1	10,0
			44	357,4
Board rooms				
12	Logistics	Board room		30,0
29	News	News board room		34,0
				64,0
Store rooms				
	Logistics	Store		11,5
18	Logistics	Handyman store room		3,3
19	RBR	RBR store room		6,3
Outside	Logistics	Main store room		35,0
				56,1
Communal area				
		Reception/ Security area		50,5
		Security room		12,0
		First floor passage		152,0
		Ground floor passage		50,0
		Male toilets		12,5
		Female toilets		16,0
		Disabled toilet downstairs		7,0
				300,0

Broadcast area		
RBR	Main control	13,0
RBR	Data area	11,9
RBR	Studio 1 control area	16,0
RBR	Studio 1 Booth	13,0
RBR	Control area	18,0
RBR	Studio 2 Booth	6,0
RBR	Studio 3	25,4
RBR	Edit 1	13,0
RBR	News line talk room	10,5
RBR	Tricaster room	8,0
RBR	TV studio	25,0
RBR	TV Edit 1	13,1
RBR	TV Edit 2	8,3
		181,2
RBR	Technical Area/ 2 Air handlers	21,0
RBR	Chiller area	16,0
RBR	Generator area	18,0
RBR	Technical Area	8,0
		63,0

There are two scenarios to take into account when relocating the SABC Northern Cape:

Scenario 1

Future plans of the organisation (SABC) should the SABC decide to merge the two office is Northern Cape (Kimberley and Platfontein) into one broadcast area.

This is leaving the staff compliment as is.

Kimberley Staff		Platfontein Staff	
Department	Staff	Department	Staff
Corporate affairs	2	XKfm radio	14
Logistics	3	Sport - Freelance	7
Finance/TV Licence	3	Education - Freelance	22
News	10	RBR	2
CA	10		
Interns at News	3		
Camera people	4		
RBR	2		
TOTAL	37		45

Handyman/ workshop				1	16sq	1
RBR Supervisor		1				
Technical producers		1				2
Provincial Editor	1					
Editorial assistant			1			
News staff				1	80sq	14
Camera People / store	1			1	35sq	5
Current Affairs				1	36sq	12
Station Manager	1					1
Station Producers	1					4
Program manager	1					1
Music compiler			1			
Radio Announcers				1	16sq	8
Sport	1					8 Freelancers
Education				1	16sq	21 Freelancers
HR office		1				
News green room		1				
Record library/archive				1	30sq	1
Wellness clinic		1				
	7	6	6	7		
Store room						
Financial store					8sq	
Corporate affairs					8sq	
RBR equipment store					18sq	
General store room					50sq	
Board rooms						
Board room/ Rediffusion / Training					50sq	
Board room						
Radio Broadcast area						
Studio 1	Main XKFM studio				20sq	
Studio 1A	Studio booth				14sq	
Studio 2 - link to studio 1A	Backup XKFM studio				18sq	
Studio 3	News studio				18sq	
Studio 4	CA studio				18sq	
Studio 5	General studio				30sq	
Edit 1	XKFM				13sq	
Edit 2	News				13sq	
Line talk room	News				10sq	
Main control room Radio / TV					20sq	
Computer room					20sq	
TV Broadcast area						
TV Studio					35sq	
Tricaster area					10sq	
TV Edit 1					10sq	
TV Edit 2					10sq	
TV Data area					8sq	

4. BRIEFING SESSION

No briefing session will be held (Bidders are required to send their questions to the email address provided)

5. EVALUATION CRITERIA

The evaluation criteria will be used in next phase of the tender process.

Evaluation of responses will be done in the following major categories, each consisting of several minor categories and is based on predetermined weightings as follows:

- **BBBEE Information** - (provide BBBEE certificate or a letter from the auditor confirming your annual turnover)
- **Price Information** - (Detailed Cost Breakdown to be submitted)
- **Technical Information** – (Detailed Technical Solution to be provided)
- **Project Plan** - (Indicative timelines to execute the project)

6. NOTICE TO INTERESTED TENDERERS

REQUEST FOR INFORMATION DOCUMENTS

The Request for Information shall be used in preparation for the proposal; the SABC assumes no responsibility for errors or misinterpretation resulting from the use of an incomplete Request for Information.

The SABC will avail/send copies of the Request for Information on the above terms, does so only for the purpose of obtaining information for the project and does not confer permission for any other use.

INTERPRETATIONS

All questions about the meaning or intent of the Request for Information shall be submitted in writing to the SABC on the set closing date.

Interested tenderers should promptly notify the SABC of any ambiguity, inconsistency, or errors which they may discover upon examination of the Request for Information.

7. SUBMISSION PROCEDURES

RFI must be hand delivered at the SABC Auckland Park reception, Radio Park, Johannesburg. The closing date is at 08 November 2019 at 12h00.

8. GENERAL INFORMATION

Enquiries in respect of this RFI should be addressed to:
Thembi Maseko
Supply chain Management Division,
Radio Park Office Block
Henley Road
Auckland Park
Johannesburg
E-mail: masekotp@sabc.co.za
Contact no: 011 714 2821

END OF RFI DOCUMENT

