

1. PURPOSE

The purpose of this business case is to request the SABC's Operations Committee and Group EXCO to approve the budget for the acquisition of international news content for flighting in SABC News' radio and television bulletins and current affairs; and on the digital platform. As per advice of the Procurement Division, the international news content will be acquired through a proposed panel of suppliers who will be appointed to fulfil this business requirement for a three year period. Section D9 of the Delegation of Authority Framework provides for the acquisition/production of news content for flighting on SABC channels to be recommended by the relevant operational manager. Section D9 further provides authority for Group Exco to approve purchases of news material up to the value of R100 million. The envisaged total cost is R62 314 517 and therefore falls within the delegated authority of Group Exco.

2. BACKGROUND

SABC News is conjoined by the licence conditions of the three terrestrial channels; the positioning of the 24 hour news channel and SABC's Editorial Policy to provide international news content. To fulfil this obligation, the News and Current Affairs Division requires extensive international content to supplement the news gathering work of the three remaining international bureaus in Kenya, the United States and Zimbabwe.

The integration of the global economy and South Africa's own interconnectedness with the rest of the world integration into global politics and economy means SABC News cannot ignore international affairs. This is because developments in other parts of the world have a direct or indirect impact on South Africa hence news material from international suppliers becomes critical. Access to international content enhances SABC News' ability to deliver on our mandate of informing and educating South Africans about developments that impact their lives, in line with the objectives set out in the SABC's editorial policies. The SABC would be failing in its mandate to inform and educate South Africans if it did not provide news across the socio-political, migration, economic-business and environment spectrum, as developments in other parts of the world have direct or indirect impact on South Africa and its developmental

discourse. With its limited international newsgathering capability and demand for international news – both in terrestrial and satellite platforms – SABC News needs a reliable and editorially responsive supply of international news, including but not limited to the following headlines, news, information and data on:

- International events calendars and webinars on the state of the world;
- Economics (currencies, stock markets, business, companies, investments, mutual funds, small businesses, personal finances);
- Politics, Conflict and Development;
- Science, Technology; Sports and Lifestyle;
- Environment and Climate Change;
- Media and Entertainment, etc.

The aforementioned content is required from all geographies in the world; and thus SABC News needs competent suppliers who possess the capacity and capability to meet the requirements of the news business. Guided by prevailing Procurement Rules and Delegation of Authority Framework that prevailed at the time, SABC News had contracted international news agencies and broadcasters with agency such as Reuters, BBC, AFP, IHA and AP on three year contracts. These contracts have all lapsed leaving the News and Current Affairs Division with no secured supply of international news content.

This submission seeks to secure a supply of international news content through appointing a Panel of International News Content Suppliers from whom the SABC can source for a three year period. SABC News is conjoined by the SABC's Editorial Policy to provide international news content, and therefore requires extensive international content to supplement the news gathering work of the three remaining international bureaus in Kenya, the United States and Zimbabwe. The integration of the global economy and South Africa's own interconnectedness with the rest of the world integration into global politics and economy means SABC News cannot ignore international affairs across the socio-political, migration, economic-business and environment spectrum, as developments in other parts of the world have direct or indirect impact on South Africa and its developmental discourse.

3. RISK

Without contracts for international news content, all SABC's news services including Channel Africa and the 24 hour news channel will not have access to international news. This will have a negative impact on the performance of all bulletins and in turn affect the performance of the

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channels. SABC's competitiveness will be severely hampered at a time of need, particularly for anchor channels such as SABC 1 and SABC 2 whose programming is heavily reliant on news programmes.

SABC will be in contravention of its licence conditions for the three terrestrial channels; heightening the risk of regulatory non-compliance and applicable fines from the regulator. Furthermore it could open up the SABC to litigation by industry interest groups; as seen in the previous matters concerning SABC News such as the annulled Editorial Policy of 2016.

4. LEGISLATIVE AND REGULATORY IMPLICATIONS

This submission is supported by the following legislative and regulatory implications that bind SABC News and the SABC in general to provide international news content:

- The Broadcasting Act No.4 of 1999, as amended in 2008. This piece of legislation contained the Charter of Incorporation of the SABC and conjoins it to provide TV and Radio programming that informs, educates and entertains. SABC News primarily performs the first two requirements; and its performance cannot be complete without international news provision.
- ICASA Regulations: The SABC's License Conditions, as of 18 December 2008 require the three terrestrial channels, in its News and Current Affairs programming, to include matters of international, national, regional and where appropriate local significance. These requirements are contained in Section 6.5.2 for SABC1, Section 6.5(b) for SABC2 and Section 6.7(b) for SABC3. Failure to provide international content will be in breach of these regulatory requirements and expose the SABC to sanctions by the regulator and audience decline.

5. PRECEDENCE

The procurement of international news content was previously conducted through section D9 of the Delegation of Authority Framework; and the deviation from normal procurement procedures that was applicable when the last contracts were signed in 2014; which predated the National Treasury's Instruction SCM Note 3 of 2016/2017 on Preventing and Combating Abuse of the Supply Chain Management System.

6. FINANCIAL IMPLICATIONS

The projected total cost of appointing a panel of international news content service providers is R62 314 517 over a three year period. This figure is detailed below:

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Projected 3 year News Agencies Budget per supplier:

	Reuters	BBC	Feature Stories	Associated Press	AFP	Total
News Agencies 2018	10 210 644	1 582 140	4 000 000	1 134 000	2 839 914	19 766 698
News Agencies 2019	10 721 176	1 661 247	4 200 000	1 190 700	2 981 910	20 755 033
News Agencies 2020	11 257 237	1 744 309	4 410 000	1 250 235	3 131 005	21 792 786
	32 189 057	4 987 696	12 610 000	3 574 935	8 952 829	62 314 517

7. ACCOMPANYING / SUPPORTING DOCUMENTS

Proposed Panel of International News Content Suppliers.


8. RECOMMENDATIONS BY BUSINESS UNIT

It is recommended that the Operations Committee recommend to Group Exco the approval a budget of R 62, 314, 517 million (excluding VAT) for the appointment of a panel of international news content providers.

9. PROCESS

Upon obtaining approval of this Business Case, the appointment of international news content service providers will commence.

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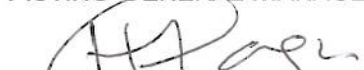
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