national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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Mr. Cameron Morajane
Commission for Conciliation, Mediation and Arbitration
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Dear Mr. Morajane

REQUEST FOR APPROVAL OF CONTRACT EXTENSION WITH VOX TELECOMMUNICATIONS (PTY) LTD

1. The National Treasury acknowledges receipt of your letter dated 28 April 2021.

2. Your Institution is requesting approval of contract extension with Vox Telecommunications (Pty) Ltd for the provisioning of Wide Area Network Infrastructure services across all CCMA Offices. The Initial contract was for a period of three (3) years commencing from 01 July 2018 to 30 June 2021 at a total value of R20 549 736.35. The contract has been extended twice between 22 February 2019 and 01 February 2021 at a total cost of R1 007 167.13 at a variance of 12.3% against the original contract value. The new contract extension is for a period of four (4) months commencing from 01 July 2021 to 31 October 2021 at a total value of R2 474 041.36 at a cumulative variance of 16.9% against the original contract value.

3. The request was endorsed by the CCMA Director on 28 April 2021.

4. The reasons for this extension are that the CCMA will use the requested extension period to allow the transition to a new service provide. The CCMA has, on 22 April 2021 approved the award of MTN to provide WAN infrastructure support and maintenance for a period of thirty-six (36) months. The successful bidder will need time to go through the contract and to setup the necessary infrastructure (transition period). CCMA is looking at a transition period of four (4) months when it is anticipated that all the WAN services would have been cut over to the new service provider.

5. The reasons provided for this extension are justifiable, however the financial implications for the 4 months seems exorbitant in comparison to the financial implication of the first extension of 12 months.

6. National Treasury supports the reasons to extend this contract on condition that the Institution to assess the financial implication and report to National Treasury. The Institutions must practise financial prudence during the transition period and not pay two service providers for the same tasks.

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. Please be advised that this award must be published on the e-tender portal.

Kind regards,

ESTELLE SETAN
ACTING CHIEF PROCUREMENT OFFICER
DATE: 17-May-2021