



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

Private Bag X313, Pretoria, 0001, Sedibeng Building, 185 Francis Baard Street, Pretoria
Tel: (012) 336-7120 Email address: kgwadi@dws.gov.za Enquiries: Ms E. Kgwadi

Ref: 4/8/3/1/P/2 (WD373)

Molefe Fani
Chief Procurement Officer (Acting)
National Treasury
Private Bag X115
PRETORIA
0001

Attention : Khanya Kheswa

REPORT ON DEVIATIONS FROM NORMAL PROCUREMENT PROCESSES

The aim of this letter is to report deviations from normal procurement processes, which served before the Departmental Bid Adjudication Committee and subsequently approved by the Accounting Officer as per the National Treasury SCM Instruction Note 3 of 2016/17.

The table below provides details of goods and services that will be procured by approaching the sole service providers:

Ref	Description of service	Service provider	Amount	Reasons for Deviation
WD373	Appointment of Kisters (PTY) Ltd as a sole service provider to provide Hydstra Software Licences	Kisters (PTY) Ltd	R3 471 840	The company is a sole supplier of the Hydstra Software Licences

Attached please find a copy of the approval by the Accounting Officer as well as sole supplier letter.

Yours sincerely

MR F MOATSHE
ACTING CHIEF FINANCIAL OFFICER
DATE: 2021/11/24



NATIONAL DEVELOPMENT PLAN
Our Future - make it work



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

ENQUIRIES: Z. Maswuma
TELEPHONE: 012 336 8784
REFERENCE: 4/8/3/6/2

**ACTING DIRECTOR-GENERAL
CHAIRPERSON: DEPARTMENTAL BID ADJUDICATION COMMITTEE**

**REQUEST TO APPOINT KISTERS (PTY) LTD AS THE SOLE SERVICE PROVIDER
FOR THE RENEWAL OF HYDSTRA SOFTWARE LICENSE' SUBSCRIPTION,
SUPPORT AND MAINTENANCE FROM 01 DECEMBER 2021 TO 30 NOVEMBER 2024**

1. PURPOSE

- 1.1 To obtain approval from the acting Director-General to appoint Kisters (Pty) Ltd as the sole service provider for the renewal of HYDSTRA Software license' subscription, support and maintenance from 01 December 2021 to 30 November 2024.

2. BACKGROUND AND DISCUSSION

- 2.1 HYDSTRA is used as a National System and it is also adopted as a standardized Regional Database for use in all Southern African Development Community (SADC) Member States. It is used to harmonize information management systems and exchange data with ease across the Region. In order for the DWS to exchange data with the SADC Member States, it needs to have an operational and maintained HYDSTRA. It is also the responsibility of all the SADC Member States to maintain the HYDSTRA licenses.



NATIONAL DEVELOPMENT PLAN
Our Future - make it work

- 2.2 The HYDSTRA System is a sole supplied tool as indicated in the Sole Supplier letter received from Kisters (Pty) Ltd (see **Annexure A**). According to the National Treasury SCM Instruction NOTE 3 OF 2016/17 clauses 8.1 and 8.3 (see **Annexure B**), the accounting Officer must only deviate from inviting competitive bids in cases of emergency or sole supplier status and if there is evidence that only one supplier can provide that unique service. The sole supplier status for HYDSTRA System was also confirmed by the market analysis that was performed by the DWS' Demand Management Section on 02 August 2021 (see **Annexure C**).
- 2.3 The Market Analysis report indicated that the custodians of the HYDSTRA System, Kisters (Pty) Ltd do not have channel partners with distribution rights in South Africa. The HYDSTRA System does not form part of the eight (8) Original Equipment Manufacturers (OEM) Framework Agreements that SITA has entered into with those OEMs in order for the Organs of State to benefit from preferential pricing that will deliver significant savings to the Government (see paragraph 2.1: **Annexure D**). A desktop and market research were also performed by the DWS IT outsourced partner, EOH in 2019 and the findings indicated that the System was comprised of a complex composition of functions with no similar tools found in the local market (see page 13 of **Annexure E**). The desktop and market research discovery report further indicated that due to no similar tools being found in the market within South Africa, it recommended that the System be kept as a sole supplied tool until the re-seller partnership were established within South Africa.
- 2.4 HYDSTRA license' support and maintenance will expire on 30 November 2021. The Information Technology Committee (ITC) evaluated the request to renew the license and the committee recommended the submission for further processing (see **Annexure F**).

3. IMPLICATIONS

3.1 Financial

The funds were made available under in the Chief Directorate: National Water Resource Information Management. The total amount is based on the Rand-Australian Dollar exchange which as at 26 July 2021 was R R 3, 471 840 (AUD 317, 978.12) and it is for three years (01 December 2021 to 31 November 2024). The total Rand value amount, which is subject to change, was used using the OANDA currency converter to attain this year's cost.

Responsibility	Objective	Item	Cost
CD: Nat Water Resource Info Man	Water Resources Info and Man	Ext Comp Ser: Sft Lcn: Opr Sys Sft	AUD \$ 317, 978 12 (R3, 471, 840)

3.2 Personnel

Failure to have an operational HYDSTRA will lead to non-capturing and processing of groundwater data by all the regional officials and as a result, there will be no data sharing between South Africa and their SADC counterparts.

3.3 Legal

None

3.4 Communication

None

4. OTHER COMPONENTS CONSULTED

- 4.1 The ITC has recommended the HYDSTRA software license for period 01 December 2019 to 30 November 2021 for an amount of AUD \$ 317, 978.12 (R3, 471, 840) as at 26 July 2021.

5. RECOMMENDATION(S)

It is recommended that:

- 5.1 The acting Director-General approves the request to appoint Kisters (Pty) Ltd as the sole service provider for the renewal of HYDSTRA Software license' subscription, support and maintenance from 01 December 2021 to 30 November 2024.

NAME: LZ Maswuma *LZ Maswuma*
 CHIEF DIRECTOR: NATIONAL WATER RESOURCE INFORMATION MANAGEMENT
 (ACTING)
 DATE: 2021-09-09

RECOMMENDATION IN PARAGRAPH 5.1 SUPPORTED/ ~~NOT SUPPORTED~~
 Director IT Applications *[Signature]* 27/09/2021

NAME: *[Signature]* A. Kekana
 CHIEF INFORMATION OFFICER
 DATE: 27 September 2021

5. RECOMMENDATION(S)

It is recommended that:

- 5.1 The acting Director-General approves the request to appoint Kisters (Pty) Ltd as the sole service provider for the renewal of HYDSTRA Software license' subscription, support and maintenance from 01 December 2021 to 30 November 2024.

RECOMMENDATION IN PARAGRAPH 5.1 SUPPORTED/ NOT SUPPORTED



NAME: LS Mabuda
DEPUTY DIRECTOR-GENERAL: WATER RESOURCE MANAGEMENT (ACTING)
DATE: 07/10/2021

FUNDS AVAILABLE/

NAME: Frans Moatshe
ACTING CHIEF FINANCIAL OFFICER
DATE: 07/10/2021

RECOMMENDATION IN PARAGRAPH 5.1 SUPPORTED/ NOT SUPPORTED

NAME:
CHAIRPERSON: DEPARTMENTAL BID ADJUDICATION COMMITTEE
DATE:

RECOMMENDED
BID ADJUDICATION COMMITTEE

F Moatshe

RECOMMENDATION IN PAR. 5.1 APPROVED/ NOT APPROVED

DATE: 2021/10/27

NAME:
ACTING DIRECTOR-GENERAL
DATE: 01/11/2021

Dr Matfala was tasked to work with the CIO to bring to end or reduce (drastically) the use of Sole Service Providers. Why can't this be achieved?

01/11/2021



Kisters Pty Ltd
ABN 20 098 290 521
Email: admin@kisters.com.au
<http://www.kisters.com.au>

**Sole Supplier of Hydstra products
And Banking Details**

29th July 2021

To: Department of Water and Sanitation
Pretoria
South Africa,

I would like to inform you that Kisters Pty Ltd based in Australia is the sole distributor of the Hydstra software product suite worldwide. This includes all software modules, consulting and training services provided by our official representatives/agents. Our agent in Africa is Ms Gina Gaspar.

KISTERS Pty Ltd does NOT require a certified tax clearing certificate to operate in Africa as KISTERS does not have an office located in that country. Please find Certificate of Company Registration on the following page.

Also included is confirmation of our banking details. All payments must be made to Kisters Pty Ltd, Canberra, Australia via EFT using the following details:

Bank: ANZ Bank
Bank Address:
Woden Town Square
ACT 2606
Australia
Account Name: Kisters Pty Ltd
BSB 012-997
Account Number 107703283
SWIFT Code: ANZBAU3M

The remittance advice should be emailed to:
admin@kisters.com.au

If you have any further enquiries please don't hesitate to contact me.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'Debbie'.

Debbie Cockburn
Office Manager
Kisters Pty Ltd



Kisters Pty Ltd
ABN 20 098 290 521
email: admin@kisters.com.au
http://www.kisters.com.au

Quote

Department of Water and Sanitation
Attention: Edeline Mashabela
Private Bag X313
Pretoria 0001
SOUTH AFRICA

QUOTE No: 00006441

Date: 20/07/2021

Your Ref:

Enquiries: Debbie Cockburn, +61 (0)2 6154 5217 or debbie.cockburn@kisters.com.au

Description	Price
3. year quote for:	
50 x user network Hydstra software licence and	
17 x user laptop Hydstra software licence.	\$307,037.30
Fee for Hydstra/ODBC licence	\$8,593.32

All fees are for the period 1st December 2021 to 30th November
2024 (3 years) and include a 1.6% CPI increase.

Maintenance fee for 1565 extra lines of code @ AUD50c/line (see attached report)	\$2,347.50
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THIS IS A QUOTE ONLY.

CONTACT KISTERS IF YOU REQUIRE A TAX INVOICE

Total (excluding GST)	\$317,978.12
GST - exemption for export	\$0.00

Total amount payable **AUD \$317,978.12**

Due Date: 19/12/2021

We appreciate your business.

Payment methods:

- by cheque payable to KISTERS Pty Ltd and mailed to the Canberra Office
- by EFT to ANZ Bank, Woden Town Square, ACT, 2606, BSB 012-997, account number 107703283, in the name of KISTERS Pty Ltd, SWIFT code ANZBAU3M, and remittance

advice emailed to admin@kisters.com.au

NOTES:

1. Payments made incorrectly into an account other than the account listed above are the responsibility of the payor. Kisters does not consider the account paid until the money is received into the correct account.
2. Payment of this invoice is deemed to be acceptance of the terms and conditions of the Kisters Pty Ltd licence agreement.
3. The Customer shall pay interest on all overdue amounts from the due date until payment is made as per the Kisters Pty Ltd Licence Agreement.
4. Kisters Pty Ltd will not assume responsibility for any fees associated with invoice payments.