



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

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Reference:

MINISTER OF WATER AND SANITATION

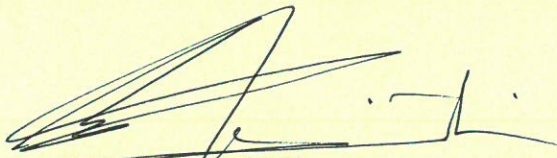
NATIONAL COUNCIL OF PROVINCES: QUESTION 245 FOR WRITTEN REPLY

A draft reply to the above mentioned question asked by Ms B T Mathevula (Limpopo: EFF) is attached for your consideration.


ACTING DIRECTOR-GENERAL

DATE: 14/05/2018

DRAFT REPLY APPROVED/~~AMENDED~~


NKWINTI GE (MP)
MINISTER OF WATER AND SANITATION

DATE: 19 MAY, 2018

**NATIONAL COUNCIL OF PROVINCES
WRITTEN REPLY**

QUESTION NO 245

DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 4 MAY 2018
(INTERNAL QUESTION PAPER NO.16)

245. Ms B T Mathevula (Limpopo: EFF) to ask the Minister of Water and Sanitation:

- (1) Whether his department has acquired Systems, Applications and Products (SAP) software licenses in 2013 that were unlimited; if not, what is the position in this regard; if so, what was the details of the license agreement;
- (2) (a) why did his department enter into a similar agreement to buy unlimited software licenses from SAP in 2016 and (b) who (i) approved and (ii) signed off on the 2016 agreement?

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THE MINISTER OF WATER AND SANITATION

- (1) The Department acquired the SAP in 2009 as an enterprise resource planning system. This acquisition was initially meant to support the Water Trading Entity (WTE) as it transitioned from modified cash to accrual basis of accounting. The extension of the contract was meant to integrate the different modules for system optimization in 2013. The 2016 consolidation of contracts with unlimited usage extends the period to 2021. This consolidated contract is meant to extend to other entities reporting to the Minister of Water and Sanitation.

The newly reconfigured SAP-DWS contract provided for all other SAP active contracts to run for a period of five (5) years from contract signature, 26 July 2016 through to 26 July 2021, with unlimited usage rights for the entire value chain of water i.e. DWS and its affiliates. Pertinent details with regards to the agreement are as follows:

- The agreement fully explains unlimited usage rights available to the DWS and its affiliates.
 - It further articulates that this contract is not for the sole use of DWS but also makes provisions for utilisation by its affiliates i.e. water boards and other subsidiaries.
2. (a) The department consolidated the two contracts which have unlimited usage. All contracts prior to the consolidation delivered the requirement technological foundation within the department.

Moreover, SAP has extended all previous contracts to align with the 5 year unlimited term. The previous contracts signed in 2015 (for a period of 3 years) have been extended by 2 years at no additional cost, allowing DWS more time to realise value of the investment.

Usage is not limited to 5 years. The software that is deployed within the 5 year period allows usage into the future, in accordance with the terms and conditions of the SAP contract. It must be noted that should the department establish new entities, those entities will benefit automatically even more than 5 years. Cost benefit: DWS saved in excess of R1.5 billion by way of a strategic acquisition.

- b) In compliance with the mandate of the Departmental Bid Adjudication Committee (DBAC), the Chairperson duly recommended the submission on the 6th of June 2016. The Accounting Officer approved the submission as per the recommendation of the DBAC. This recommendation and approval is in line with Practice note 3 of 2016/17 issued by the National Treasury.