

LESEDI LOCAL MUNICIPALITY

THIS AGREEMENT IS MADE BETWEEN THE:

LESEDI LOCAL MUNICIPALITY (MUNICIPALITY)

hereinafter referred to as the "MUNICIPALITY" or LESEDI LOCAL MUNICIPALITY

represented by: **TSHOTLEHO PAUL MPELE**

in his capacity as: **MUNICIPAL MANAGER**

duly authorised to enter into this Agreement in terms of both the Public Finance Management Act 1 of 1999 and the Municipal Finance Management Act 56 of 2003.

AND

IPES-UTILITY MANAGEMENT SERVICES (PTY) LTD (SERVICE PROVIDER)

hereinafter referred to as the "SERVICE PROVIDER"

represented by: **LEON VERMAAK**

in his capacity as: **MANAGING DIRECTOR**

The MUNICIPALITY is desirous that a **Complete Revenue Enhancement Services** to be undertaken consisting of; **Indigent Management** and has accepted a Tender (**Tender NO:24/2017**) submitted by IPES-Utility Management Services (Pty) Ltd to provide the services.

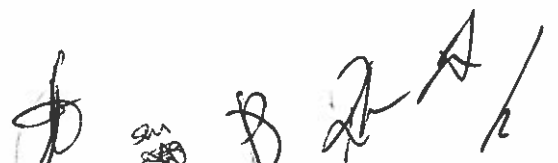
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1 CONTRACT CONDITIONS

GENERAL CONDITIONS

The MUNICIPALITY hereby appoints, and the SERVICE PROVIDER hereby accepts the appoint as the SERVICE PROVIDER to perform certain service (*Indigent Management*) and administrative duties on behalf of the MUNICIPALITY subject to the terms and conditions contained herein.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1.1 DEFINITIONS AND INTERPRETATIONS

1.1.1 Definitions

- 1.1.1.1 Administrative order: any written or oral instruction issued by the Project Manager to the SERVICE PROVIDER regarding the performance of the service;
- 1.1.1.2 Contract price: shall means the price stated and payable to the supplier under the contract for the full and proper performance of his contractual obligations;
- 1.1.1.3 Contract price: shall mean the price payable to the supplier under the contract for the full and proper performance of this contractual obligations;
- 1.1.1.4 Contract: shall mean the signed agreement entered into by the parties for the performance of the services, including all attachments thereto and all documents incorporated therein, including the service delivery agreement;
- 1.1.1.5 Day: means calendar day;
- 1.1.1.6 Delivery Certificate: means the document issued by the MUNICIPALITY confirming that all the services have been accepted;
- 1.1.1.7 Letter of Acceptance: means the written communication by MUNICIPALITY to SERVICE PROVIDER recording the acceptance by the MUNICIPALITY of the SERVICES PROVIDER tender subject to the further terms and conditions to be included in the Tender;
- 1.1.1.8 LLM or MUNICIPALITY: shall mean Lesedi Local MUNICIPALITY;
- 1.1.1.9 Month: means calendar month;
- 1.1.1.10 MUNICIPALITY or MUNICIPALITY; shall mean Lesedi Local MUNICIPALITY, a MUNICIPALITY established in terms of section 12(1), read with section 14(2) and section 90(2) of the Local Government: Municipal Structures Act 117 of 1998, herein represented by *Mr. Paul Mpele*; in his capacity as the Municipal Manager.
- 1.1.1.11 Order: means an official document issued by the MUNICIPALITY calling for the delivery of services pursuant to the Tender;
- 1.1.1.12 Project Principal: the natural or legal person responsible for monitoring the implementation of the contract on behalf of MUNICIPALITY;
- 1.1.1.13 SERVICE PROVIDER: means IPES-Utility Management Services (Pty) Ltd (SERVICE PROVIDER) whose Tender has been accepted by the MUNICIPALITY;
- 1.1.1.14 Services: activities to be performed by the SERVICE PROVIDER under the contract; Refer to the Service Specification section in this document;
- 1.1.1.15 Commencement Date: shall mean the date the contract commences, thus signing of the SLA;
- 1.1.1.16 Acceptance date: shall mean the date of acceptance letter from the SERVICE PROVIDER;
- 1.1.1.17 Signature Date: means the date of the Letter of Acceptance;
- 1.1.1.18 Tender Document: includes the Tender Conditions, the Tender Notice, the Preferential Procurement Conditions, the Service Specification, the Financial proposal and Schedule of Prices, the Form of Tender, the Service Delivery Agreement and other parts of the tender documents as applicable;
- 1.1.1.19 BID: means a written offer submitted in the Tender document to provide *Credit Control, Debt Collection, Revenue Protection, Indigent Management and Meter Reading* services to the MUNICIPALITY at a specified price;
- 1.1.1.20 Tenderer: means any person or body corporate offering to provide Indigent Management services to the MUNICIPALITY; and

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- 1.1.1.21 Warranties: means collectively any and all warranties (if any) given by the SERVICE PROVIDER in terms of this Agreement.
- 1.1.2 Interpretation
- 1.1.2.1 In this Service Level Agreement (SLA) is based on the tender submitted by the SERVICE PROVIDER and awarded by the MUNICIPALITY.
- 1.1.2.2 SLA clause headings are for convenience and shall not be used in its interpretation and, unless the context clearly indicates a contrary intention:
- 1.1.2.3 An expression which denotes-
- ▶ any gender includes the other genders;
 - ▶ a natural person includes an artificial or juristic person and vice versa;
 - ▶ the singular includes the plural and vice versa;
- 1.1.2.4 Any reference to any statute, regulation or other legislation or official policy shall be a reference to that statute, regulation or other legislation or national policy as at the signature date, and as amended or re-enacted from time to time;
- 1.1.2.5 When any number of days is prescribed, such shall be reckoned exclusively of the first and inclusively of the last day, unless the last day falls on a day which is not a business day, in which case the last day shall be the next succeeding day which is a business day; and
- 1.1.2.6 Where any term is defined within a particular clause, other than the interpretation clause, that term shall bear the meaning ascribed to it in that clause wherever it is used in this Agreement.

1.2 APPOINTMENT

The MUNICIPALITY hereby appoints, and the SERVICE PROVIDER hereby accepts the appointment as SERVICE PROVIDER to perform certain services (as set out in the Service Specification section) and administrative duties on behalf of the MUNICIPALITY subject to the terms and conditions contained herein.

1.3 COMMENCEMENT DATE AND DURATION

This SLA shall be deemed to have commenced from the date of signature of this agreement or mutually agreed date and shall endure for a period of three (3) years.

1.4 SERVICES AND TASKS

The SERVICE PROVIDER shall perform the services and administrative tasks provided in detailed in the section: Service Specification to which, subject to a SLA between the SERVICE PROVIDER and the MUNICIPALITY, it is not necessarily limited.

1.5 PARAMETERS PRESENTED BY THE MUNICIPALITY

As an independent SERVICE PROVIDER, IPES-Utility Management Services (Pty) Ltd shall at all times provide services within the parameters prescribed by the MUNICIPALITY in resolutions, policies and by-laws and the terms set by this agreement.

1.6 PAYMENT

- 1.6.1 In consideration of the services performed on behalf of the MUNICIPALITY, the SERVICE PROVIDER shall submit monthly invoices for services rendered payable in arrears by the last day of every month. The invoice shall be due and payable within 30 (thirty) days of the date on the invoice by the MUNICIPALITY. The MUNICIPALITY shall have 7 (seven) days from the submission of the invoice to approve it, failing which it shall advise the SERVICE PROVIDER of what it does not approve. In the event that the MUNICIPALITY does not query an invoice in the allotted time period, the invoice shall be deemed to have been approved. Payment shall be made by electronic transfer to SERVICE PROVIDER designated bank account notified to the MUNICIPALITY in writing from time to time.
- 1.6.2 It is recorded that the fees for services are as indicated in the Pricing Schedule section of this SLA. The fees payable by the MUNICIPALITY to the SERVICE PROVIDER will be reviewed and adjusted annually on the first day of month following the signing of the SLA. The first adjustment will be on that date 2019 and annually thereafter. The annual percentage increase of all fees stipulated in this agreement will be in accordance with the following principles:



COMPONENT (AS IN THE PART OF THE CONTRACT MENTIONED IN THIS CLAUSE)	ESCALATION PRINCIPLE
Management fee structure	CPIX + 1%
Field Work	CPIX + 1%

1.6.3 Should the MUNICIPALITY require any additional services to be performed, the fee for the performance thereof shall be negotiated by the parties based on the rates provided in the Pricing Schedule, and if not covered in the Pricing Schedule, such other mutually agreed unit rate, which agreement unit rate shall be recorded in writing.

1.7 UNDERTAKINGS BY THE MUNICIPALITY

During the continuance of this agreement, the MUNICIPALITY agrees;

- 1.7.1 To permit the SERVICE PROVIDER to do business under its own name and to use this name in the telephone, trade and other directory entries;
- 1.7.2 To consult with the SERVICE PROVIDER and to give to the SERVICE PROVIDER the benefit of its knowledge and experience in connection with any problems relating to the management and the operation of the business;
- 1.7.3 To make available to the SERVICE PROVIDER all necessary contracts, forms, directories and other materials to enable it to conduct the business properly;
- 1.7.4 To provide the SERVICE PROVIDER access to the MUNICIPALITY's financial system, and personnel to assist with extracting data and conduct the business in an acceptable manner;
- 1.7.5 Office Space
The Successful Service Provider will be expected to establish an Operations Centre off site of the MUNICIPALITY premises, which must be fully functional within 30 days from date of. The total cost to establish the centre, furniture, telephones, equipment, staff and any other resources will be borne by the Service Provider.
- 1.7.6 To make data available on a daily basis to the SERVICE PROVIDER in the format stipulated and to transfer the data to the online server stipulated.
- 1.7.7 To capture and extract all payments received from debtors to their financial system general ledger and to timeously notify the SERVICE PROVIDER of any delays;
- 1.7.8 To manage the process of rectifying the existing billing system of possible errors as may be identified or proven by the SERVICE PROVIDER;
- 1.7.9 To make staff available to ensure effective and efficient management of the contract.

1.8 UNDERTAKINGS BY THE SERVICE PROVIDER

During the continuance of this agreement, IPES-Utility Management Services (Pty) Ltd (SERVICE PROVIDER) agrees:

- 1.8.1 To conduct the business in an orderly and business-like manner and in compliance with all such policies and operating standards as may from time to time be specified by the MUNICIPALITY and generally maintain the standard of quality and prescribed method;
- 1.8.2 To maintain the same working hours as the MUNICIPALITY;
- 1.8.3 In the event of a system failure parties to this agreement agrees to accommodate after-hours requirements of the SERVICE PROVIDER to ensure continuity or maximum availability.
- 1.8.4 To generally conduct itself as follows:
 - 1.8.4.1 Obey to reasonable MUNICIPALITY directives.
 - 1.8.4.2 Adhere to reasonable MUNICIPALITY instructions.
 - 1.8.4.3 Work within prescribed parameters.
 - 1.8.4.4 Create employment opportunities in cooperation with designated MUNICIPALITY employees.
 - 1.8.4.5 Embrace customer care.
 - 1.8.4.6 Enforce the MUNICIPALITY's Revenue Policies (Indigents Policy, Credit Control and Debt Collection Policy and Tariff Policy).

1.9 OBLIGATIONS OF THE SERVICE PROVIDER

- 1.9.1 The SERVICE PROVIDER shall occupy premises on terms and conditions approved by the MUNICIPALITY.
- 1.9.2 Should the SERVICE PROVIDER for any reason vacate the premises or should there be an alteration or variation of the terms or conditions under which the approved premises are occupied, it shall immediately inform the MUNICIPALITY in writing of such occurrence.
- 1.9.3 Obtain such consents and permissions as may be necessary for the operation of the business on the approved premises and the exhibition of advertising signs and other matters, and at all times comply with all rules, regulations, indigent, tariff and related policies and by-laws, statutes and conditions of any Government or other relevant authority effecting the operation of the business.
- 1.9.4 At its own costs, keep the approved premises in a good state of repair and decoration and the interior properly cleaned and lit. To this effect the approved premises may be periodically inspected by the MUNICIPALITY or its appointed agent after prior notification.
- 1.9.5 Use only the equipment and accessories and documentation provided by the MUNICIPALITY unless otherwise agreed.
- 1.9.6 Not do, or allow, or permit to be done, any act or thing which may render the terms of any policies of insurance taken out pursuant to the provisions of this agreement to be void or avoid-able.

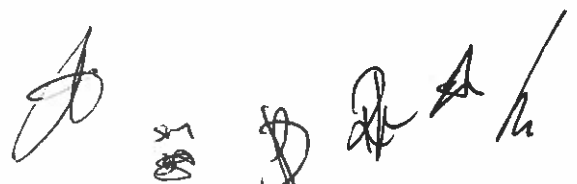
1.10 TERMINATION AND PENALTY

The MUNICIPALITY shall be entitled but not obliged to terminate this agreement on not less than 30 days' notice in any one of the following events:

- 1.10.1 If the SERVICE PROVIDER goes into liquidation either voluntarily or compulsorily or if a receiver is appointed in respect of the whole or any part of its assets or if the SERVICE PROVIDER shall make an assignment for the benefit of its creditors generally.
- 1.10.2 If any material change occurs in the management, ownership or control of the SERVICE PROVIDER and it is to the detriment of the contract.
- 1.10.3 If the SERVICE PROVIDER fails to meet any monetary commitment, or shall be negligent or fail to perform any of its obligations herein, or on poor or non-performance, or shall commit any other breach of this agreement, then the MUNICIPALITY shall be entitled to give the SERVICE PROVIDER thirty (30) days written notice to rectify such breach failing which, the MUNICIPALITY shall be entitled to cancel this agreement and to claim such damages as may have been incurred by it.
- 1.10.4 If a court of law convicts a person of an offence as contemplated in sections 12 or 13 of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, the court may also rule that such person's name be endorsed on the Register for Tender Defaulters. When a person's name has been endorsed on the Register, the person will be prohibited from doing business with the public sector for a period not less than five years and not more than 10 years. The National Treasury is empowered to determine the period of restriction and each case will be dealt with on its own merits. According to section 32 of the Act the Register must be open to the public. The Register can be perused on the National Treasury website.
- 1.10.5 If there is fraud or corruption in the procurement process, the municipality shall be entitled to cancel the contract.
- 1.10.6 Penalties - parties agrees to effect the recourse of effecting penalties to ill-performance as per the service agreement in line with the Conventional Penalties Act, 1962, and its amendments.

1.11 CONSEQUENCES OF TERMINATION

- 1.11.1 Upon the termination of this agreement for any cause whatsoever by either party, after following due process all rights of the SERVICE PROVIDER and EMPLOYER herein shall immediately terminate with exclusion as stipulated in 1.11.2. SERVICE PROVIDER shall return forthwith to the MUNICIPALITY all computer hardware, software and data belonging to the MUNICIPALITY, all documents and all other material of every nature and character which have been received from the MUNICIPALITY and which are in the SERVICE PROVIDER's possession or control at termination.
- 1.11.2 Should the MUNICIPALITY terminate this agreement as a result of the SERVICE PROVIDER being in breach of contract, referred to in paragraph 1.9 Obligations of the Service Provider and clause 4 Scope of the work, the MUNICIPALITY shall be liable for the payment of an amount, pro rata to the expired periods of the contract, up to the termination date. The Service Provider can exercise its rights in pursuing the matter as enshrined in the constitution



1.12 ARBITRATION

- 1.12.1 Save in respect of those provisions of the contract which provide for their own remedies which would be incompatible with arbitration, a dispute which arises in regard to-
- 1.12.1.1 The interpretation of; or
- 1.12.1.2 The carrying into effect of; or
- 1.12.1.3 Any of the parties' rights and obligations arising from; or
- 1.12.1.4 The termination or purported termination of or arising from the termination of; or
- 1.12.1.5 The rectification or proposed rectification of this agreement, or out of or pursuant to this agreement or on any matter which in terms of this agreement requires agreement by the parties (other than where an interdict is sought or urgent relief may be obtained from a court of competent jurisdiction), shall be submitted to and decided by arbitration.
- 1.12.2 That arbitration shall be held-
- 1.12.2.1 With only the parties and their representatives present thereat;
- 1.12.2.2 In the Province where the MUNICIPALITY office's is located.
- 1.12.3 It is the intention that the arbitration shall, where possible, be held and concluded within 21 (twenty-one) working days after it has been demanded. The parties shall use their best endeavors to procure the expeditious completion of the arbitration;
- 1.12.4 Save as expressly provided in this agreement to the contrary, the arbitration shall be subject to the arbitration legislation for the time being in force in the Republic of South Africa;
- 1.12.5 The arbitrator shall be an impartial attorney practicing in the Province where the MUNICIPALITY is located of not less than 15 (fifteen) years' standing appointed by the parties or, failing agreement by the parties within 7 (seven) days after the arbitration has been demanded, at the request of either of the parties shall be nominated by the President for the time being of the Law Society of the Gauteng Provinces (or its successor). If that person fails or refuses to make the nomination, either party may approach the High Court of South Africa to make such an appointment. To the extent necessary, the court is expressly empowered to do so;
- 1.12.6 The parties shall keep the evidence in the arbitration proceedings and any order made by any arbitrator confidential unless otherwise contemplated herein;
- 1.12.7 The arbitrator shall be obliged to give his award in writing fully supported by reasons;
- 1.12.8 The provisions of this clause are severable from the rest of this agreement and shall remain in effect even if this agreement is terminated for any reason; and
- 1.12.9 The arbitrator shall have the power to give default judgment if any party fails to make submissions on due date and/or fails to appear at the arbitration.

1.13 CONFIDENTIALITY AND INTELLECTUAL PROPERTY RIGHTS

The terms of this agreement and any information or data obtained by SERVICE PROVIDER arising out of this agreement or from the performance of the services in terms of this agreement, shall be treated as strictly confidential and shall not be divulged or permitted to be divulged by SERVICE PROVIDER to any person not being a party to this agreement and shall not be used other than for the purposes of the project without the written consent of the MUNICIPALITY unless such information –

- 1.13.1 Is or later becomes public knowledge other than by breach of the foregoing; or
- 1.13.2 Is in the possession of the recipient with the full right to disclose prior to receiving it from the other; or
- 1.13.3 Is independently received by the recipient from a third party having the full right to disclose that information; or
- 1.13.4 Is required to be disclosed pursuant to obligations under this agreement, or any other agreement related to the project or the operation of law; or is disclosed to a subsidiary, associate or holding company of the SERVICE PROVIDER provided that such affiliates act in accordance with this clause as if a party hereto.

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1.14 COPYRIGHT

No part of the Contract Documents may be copied, photographed or repeated in any manner without written consent of the MUNICIPALITY. Copyright is reserved by the MUNICIPALITY on all systems and processes contained in the documents. The person, firm, body or SERVICE PROVIDER to whom these documents are issued or made available shall be held responsible jointly and severally, in their personal and corporate capacity for any contravention of this requirement.

1.15 NOTICES AND WRITTEN COMMUNICATION

- 1.15.1 Whenever there is a deadline for the receipt of a written communication, the sender should ask for an acknowledgement of receipt of its communication. In any event, the sender shall take all the necessary measures to ensure timely receipt of the communication;
- 1.15.2 Any notice, consent, approval, certificate or decision shall be in writing, unless otherwise specified, and shall not be unreasonably withheld or delayed; and
- 1.15.3 Any oral instructions or orders shall take effect at the time of transmission and shall be confirmed subsequently in writing.

1.16 CHANGE IN PROCEDURE BY MUNICIPALITY

MUNICIPALITY reserves the right from time to time to change the method or any part thereof including without limitations any contracts, forms, procedures and standard agreements and the method as so changed or amended from time to time shall for all purposes be deemed to be the method referred to in this agreement.

1.17 CHANGES IN METHOD BY SERVICE PROVIDER

If at any time during the period of this agreement SERVICE PROVIDER shall contemplate any changes to the method it shall forthwith inform the MUNICIPALITY together with all details necessary for a proper understanding thereof. The MUNICIPALITY shall at its discretion have the right to approve or reject any such changes for use by the MUNICIPALITY for the SERVICE PROVIDER. Any such changes shall be for the exclusive benefit of the MUNICIPALITY.

1.18 EXTENT OF AUTHORITY

This agreement shall not operate so as to constitute SERVICE PROVIDER as anything other than an independent SERVICE PROVIDER to the MUNICIPALITY and SERVICE PROVIDER will not represent itself otherwise nor represent itself as having any power or authority to incur any obligation of any nature express or implied on behalf of the MUNICIPALITY and shall not bind or pledge the credit of the MUNICIPALITY or attempt or purport to do any such thing.

1.19 LIABILITY AND INDEMNITIES

The SERVICE PROVIDER shall indemnify the MUNICIPALITY against any claim instituted by third parties in relation to any action of the SERVICE PROVIDER (which is within the control of SERVICE PROVIDER) and which falls outside the Cut-Off system's official and approved written guidelines, documents and protocols.

1.20 DOMICILIUM CITANDI ET EXECUTANDI

The MUNICIPALITY and SERVICE PROVIDER select as their respective domicilium citandi et executandi for all purposes of this Agreement at the addresses stated below:

MUNICIPALITY	:	Lesedi Local Municipality (LLM)
Physical Address	:	No 1 c/o Du Preez & HF Verwoerd Street, Heidelberg
Telephone	:	(016) 492 0043
E-Mail	:	mm@lesedi.gov.za
Attention	:	The Municipal Manager
SERVICE PROVIDER	:	IPES-Utility Management Services (Pty) Ltd (SERVICE PROVIDER)
Postal Address	:	Unit 14 Cambridge Office Park, 5 Bauhinia Avenue, Centurion
Telefax	:	(012) 665 4509
Telephone	:	(012) 665 1051
Attention	:	Mr. Leon Vermaak

All notices, consents, payments and allowances shall be in writing and shall be given or made at such domicilium personally or by means of registered post. Service by registered post shall be deemed to have been received three days after the time of posting and it shall be sufficient to prove that the envelope was properly addressed, stamped and posted by pre-paid registered post.

1.21 INVALIDITY OF PART OF AGREEMENT

It is agreed that the entire Proposal document form part of the agreement. The invalidity or unenforceability of any part of this agreement shall not prejudice or affect the validity or enforceability of the remainder.

1.22 RIGHTS GRANTED UNDER AGREEMENT

All rights granted under this agreement to SERVICE PROVIDER and operating software and processes are the intellectual property of SERVICE PROVIDER and shall not either wholly or partially be assigned, transferred, mortgaged or sub-licensed.

Other grants by MUNICIPALITY under this agreement shall not either wholly or partially be assigned, transferred, mortgaged or sub-licensed without the MUNICIPALITY's prior written consent.

1.23 WAIVER

Waiver by either party of any particular default by the other party shall not affect or prejudice the waiving party's rights in respect of any other default nor any subsequent default of the same or of a different kind nor shall any delay or omission of the waiving party to exercise any rights arising from any default, affect or prejudice the waiving party's rights as to the same or any future default.

1.24 JURISDICTION

All parties to this agreement herewith consent to the jurisdiction of the Magistrates Court, (in the respective area) in the event of any action or claims instituted, irrespective of the amount in dispute. This does not preclude any party from instigating action in any other forum, e.g. High Court, Gauteng Provincial Division, should it chose to do so.

1.25 GOOD FAITH

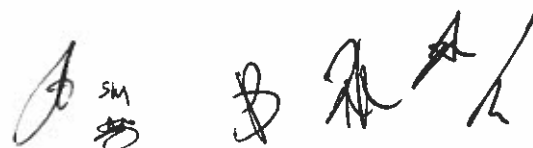
The parties shall in their dealings with each other display good faith.

1.26 GOVERNING LAW

This agreement shall be governed and interpreted by the substantive laws of the Republic of South Africa (and if the prescription laws of the Republic of South Africa are not considered to be substantive laws thereof, by the prescription laws as well).

1.27 FORCE MAJEURE

- 1.27.1 For the purposes of this agreement, "Force Majeure Event" means any event or circumstances, or combination of events or circumstances, beyond the reasonable control of a party occurring on or after the date on which this agreement has entered into force, that materially and adversely affects the performance by that party of its obligations under or pursuant to this agreement: Provided that such material and adverse effect could not have been prevented, overcome or remedied in whole or in part by the affected party through the exercise of diligence and reasonable care.
- 1.27.2 If by reason of a Force Majeure Event a party is wholly or partially unable to perform its obligations under this agreement, the affected party shall notify the other party of the Force Majeure Event not later than forty-eight (48) hours after the affected party has become aware of the occurrence of that Force Majeure Event, describing that Force Majeure Event in reasonable detail and, to the extent that it can be reasonably determined at the time of the notice, a preliminary evaluation of the obligations affected and a preliminary estimate of the period of time that the affected party will be unable to perform the obligations.
- 1.27.3 The affected party shall take steps at its own cost reasonably required to restore its ability to perform its obligations under this agreement, which are affected by the Force Majeure Event and shall continue to perform its obligations under this agreement in so far as they are not so affected.
- 1.27.4 Upon the occurrence, and during the continuation of the Force Majeure Event and the effect thereof –
- (a) the affected party shall not be liable for any failure or delay in performing its obligations under this Agreement to the extent that such failure or delay in performance has been caused by or contributed to such Force Majeure Event or its effect or by any combination thereof; and
 - (b) the time limits and deadlines for the performance by the affected party of its obligations under this agreement, which are affected by such Force Majeure Event shall be extended day-for-day for as long as the affected



party is unable to perform, or is delayed in performing, such obligations because of the occurrence of, or the effect of, such Force Majeure Event:

Provided that:

- i. No relief shall be granted to the affected party pursuant to this clause to the extent that such failure or delay in performance arises as a result of a failure by the affected party to perform its obligations under this agreement or would have nevertheless been experienced by the affected party, had such Force Majeure Event not occurred;
- ii. if the period of extension exceeds sixty (60) days, the affected party shall be deemed to be in breach of this agreement.

1.27.5 Other than for breaches of this agreement by any other party, the other party shall not be liable for any loss or damage suffered by the affected party as a result of a Force Majeure Event or its effect.

2 SPECIAL CONDITIONS

2.1 PROGRESS MEETINGS AND PROGRESS REPORTS

2.1.1 The SERVICE PROVIDER shall attend periodical progress meetings to discuss progress when called upon to do so by the MUNICIPALITY. The SERVICE PROVIDER shall arrange for his sub-contractors to also attend such meetings.

2.1.2 The SERVICE PROVIDER shall submit a monthly report to the MUNICIPALITY. The format and content of the report shall be agreed to by both parties at the commencement of the project.

2.1.3 The performance of the SERVICE PROVIDER shall be monitored on a six monthly basis. Indicators and acceptable levels of performance will be mutually agreed upon.

2.2 CONTRACT MANAGEMENT

2.2.1 Management Meeting Structure

► Steering Committee (SC)

The MUNICIPALITY and SERVICE PROVIDER shall constitute an SC meeting to discuss strategic issues relating to the credit control activities. The SC meeting shall take place on a quarterly basis, chaired by Chief Financial Officer. Attendance for this meeting will be as follows:

- ◆ LLM: Chief Financial Officer (Chair)
- ◆ LLM: Manager Revenue Enhancement
- ◆ LLM: Manager Electricity Services
- ◆ LLM: Manager Water and Sanitation
- ◆ Representatives of IPES-Utility Management Services (Pty) Ltd
- ◆ Co-opted members as required from time to time

► Project Progress Meeting

The MUNICIPALITY shall constitute a Project Progress Meeting (PPM) with the assistance of the SERVICE PROVIDER. This meeting shall address issues encountered on day-to-day operations of the project. This meeting has less decision making power than the SC. This meeting shall concentrate on operational issues whereas the SC focuses on strategic and policy issues. Any strategic and policy issues should be referred to the SC for final endorsement. The Project Progress Meeting takes place on a monthly basis, chaired by the UMS Project Manager or his representative.

Attendance of this meeting will be as follows:

- ◆ UMS Project Manager (Chair)
- ◆ LLM representative from Finance
- ◆ LLM representative from Electricity Services
- ◆ LLM representative from Water and Sanitation
- ◆ Co-opted members as required from time to time

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► **Referral Management Meeting (RMM)**

The MUNICIPALITY shall constitute a RMM with the assistance of the SERVICE PROVIDER. This meeting shall address outstanding referrals of the project. This meeting will propose action plans to the CFO to resolve long outstanding referrals. This meeting shall concentrate on all outstanding referrals with the aim to resolve problems as soon as possible. Any strategic and policy issues should be referred to the SC for final endorsement. The RMM takes place on a monthly basis, chaired by the SERVICE PROVIDER Project Manager or his representative.

Attendance of this meeting will be as follows:

- ◆ UMS Project Manager (Chair)
- ◆ LLM representative from Finance
- ◆ LLM representative from Electricity Services
- ◆ LLM representative from Water and Sanitation
- ◆ Co-opted members as required from time to time

2.2.2 Project Administration

► **Statistics**

Statistics will be gathered on a daily, weekly and monthly basis. The day schedules of the technicians are reconciled on a daily basis and serves as input to the weekly and monthly statistics supplied to MUNICIPALITY.

► **Monthly Report**

The SERVICE PROVIDER shall produce a monthly report reflecting on activities during the reporting period, which needs to be communicated to the MUNICIPALITY. This document will be divided into sections, each dealing with different aspects of the project. The sections are:

- ◆ Section A – Executive Summary
- ◆ Section B – Statistical Analysis
- ◆ Section C – Referrals Management
- ◆ Section D – Field Actions
- ◆ Section E – Remarks and Recommendations by Service Provider

2.2.3 Project Change Management

All changes should be documented and approved at the appropriate level of the project. Once approved, the implementation can commence on the basis of the approved documentation.

2.2.4 Water Flow Restriction Devices

The Credit Control process allows for the restriction of water. Due to the critical nature of this process, it was considered important to make allowance for procuring the water flow restriction devices through this contract. Minimum levels (to be agreed upon) of devices should be kept in stock to ensure that Credit Control process is not inhibited. The MUNICIPALITY will report on stock levels of devices within its stores on a frequent basis.

3 PROJECT SPECIFICATION (REFERENCE – TENDER DOCUMENT: POINT G, PAGE 15)

3.1 THE STRATEGIC OBJECTIVES OF THE PROJECT WILL COVER THE FOLLOWING MAIN ITEMS, BUT MAY NOT BE LIMITED TO THESE ITEMS:

- Operational Management of Credit Control Processes
- Technical Services to assist the municipality to rectify Infrastructure and non-infrastructure related anomalies.
- Assistance with billing by sending out account balances etc.
- The Management of the Indigent Management Process and related actions.
- The Operational Management of the Debt Collection Process and related fields.
- Render Professional Services:
 - ◆ Debt book analysis
 - ◆ Arrears collection strategy and relevant by-laws

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- ◆ Administration capacity enhancement
- ◆ Integration of processes information
- ◆ Pre-Collection Processes
- ▶ Data assessment and Financial Profiling:
 - ◆ Affordability Studies
 - ◆ Data enrichment
 - ◆ Customer Data Base Management
 - ◆ Assurance of an all-inclusive tax base
- ▶ Develop a Communication and Capacity Building Programme.
- ▶ Protect the Revenue of the Municipality:
 - ◆ Execute Meter Reading Services
 - ◆ Reduce Tampering of Service Installations (Installation & maintenance of Water Securing Devices and Secure Electrical enclosures).

4 SCOPE OF WORK (ATTACHED – TENDER DOCUMENT REFERENCE: PARAGRAPH 3, PAGE 16 – 35)

The scope of work will cover the following main items, but may not be limited to these items:

4.1 INDIGENT MANAGEMENT

The project will consist of eleven main deliverables broken down into smaller components. Individual deliverables should not be seen as stand-alone items but as consolidated, and be approached in a coordinated manner.

- ▶ Identify implement and input into current Policy and procedural guidelines for Indigent Management in line with the existing legislative framework that guides the functioning of local government;
- ▶ Implement management systems to enforce policies and to manage resources and work allocations for Indigent Management.
- ▶ Setting up communication links between the Indigent Management operating office and Lesedi LM billing system.
- ▶ Undertake a capacity building and training programme for staff associated with Indigent management Programme.
- ▶ Prepare and implement a comprehensive communication programme for the Indigent Management Programme to fit in with Lesedi LM overall community liaison programme;
- ▶ Supply infrastructure and resources (i.e. Office space accessible by foot from the Civic Centre, telephones, furniture, printers, computers and systems compatible to the Municipality's financial system etc.) where from the service provider will plan, administer, manage, control and report on the Indigent Management interventions. Where the successful bidder chooses to occupy municipal premises, such premises will be made available at a negotiated monthly cost.
- ▶ Supply operational capacity (i.e. tools, vehicles, etc.)
- ▶ Provide a comprehensive project proposal, an implementation plan and a financial proposal for the execution of the project.
- ▶ Perform physical verification of Indigent applicants.
- ▶ Monitor the consumption of the Indigents.
- ▶ Setting up an Indigent Register for the Municipality.
- ▶ Report on the programme to the municipality.
- ▶ Develop and implement and Indigent Management Exit Plan.

4.1.1 Policy and Procedures

The provision of services is guided by policy and enforced by the relevant by-laws. The Indigent Management Policy and Procedures should be updated in line with the existing legislative framework that guides the functioning of local government. The Indigent Management Policy together with the required system description and procedures should be bound into a manual, which should inter alia be used a component for training of internal and own staff and for daily reference in the implementation of the programme.

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4.1.2 Facilities and Equipment requirements

The minimum facilities and equipment required to perform the Indigent Management functions are as follows:

- ▶ Office space with waiting area.
- ▶ Computer workstations suitable to handle the data and communication volumes required.
- ▶ An electronic Indigent Management Register to manage data and keep record for reference.
- ▶ Communication equipment to establish data channels with the Municipality's financial system for the required import, export and validation of information.
- ▶ Printers to print the required performance reports etc.
- ▶ Suitable office furnishing.

4.1.3 Indigent Verification Requirements

- ▶ Advisory services in terms of Reviewing the existing Indigent Policy, verification processes.
- ▶ Correctly Identify misallocated debtors; within the debtor's book that are deserving Indigents thus improving collectability.
- ▶ Verify existing register for deserving recipients, identify possible fraud elements.
- ▶ Provide real time means to verify new applicants
 - ◆ ID numbers
 - ◆ Address information
 - ◆ Employment status
 - ◆ Estimated economic status
 - ◆ Possible relatives residing in the same address
 - ◆ Property information at a national level
 - ◆ Business interests where applicable
- ▶ Provide ongoing tool for managing changes in the profiles of Indigents
- ▶ Service provider must demonstrate evidence of experience in handling Indigent portfolio for other municipalities.

4.1.4 Communication and Capacity Building

- ▶ The service provider shall develop and implement a comprehensive communication strategy to inform all customers of the Lesedi LM regarding Lesedi LM's Indigent Management process.
- ▶ The service provider shall implement the communication building strategy and ensure awareness to as many affected stakeholders as possible.
- ▶ The service provider shall develop, document and implement a capacity building programme for own staff and Lesedi LM staff working on the Indigent Management Programme.

4.1.5 Reporting

Monthly reporting on activities

A monthly report on all the activities of the service provider shall be generated by the main operations center and shall contain the following primary information.

- ▶ Reporting of the total number of:
 - ◆ Applicants registered
 - ◆ Approved applicants
 - ◆ Applications in progress
 - ◆ New applications
 - ◆ Unsuccessful applications
- ▶ Total number of site visits
- ▶ Total amount of technical interventions/ support
- ▶ Corrective actions to address bottlenecks
- ▶ Challenges
- ▶ Quarterly reporting

- ♦ The service provider will be required to submit comprehensive quarterly reports with ward based information, data analysis and recommendations.

5 PRICING SCHEDULE (ATTACHED – TENDER DOCUMENT REFERENCE: PARAGRAPH 17, PAGE 46 – 47)

5.1 SMS COMMUNICATION

ACTION TYPE	DESCRIPTION	RATE (EXCL. VAT)
Short message (SMS)	Account balance notification	R 1.30
Short message (SMS)	Any other Credit Control and other related communication to consumers	R 2.37
Short Code (SMS functionality)	Ability for consumers to query predefined information via SMS notification enquiries	R 2.50

5.2 DEVELOP A COMMUNICATION AND CAPACITY BUILDING PROGRAM

DESCRIPTION	RATE (EXCL. VAT)	COMMENTS
Develop a comprehensive Communication Strategy and Roll-out Plan in conjunction with the Municipality – Per Hour	R 1,350.00	
Print Material	On Quotation Based on specific technical requirements of the municipality. (Acquisition according to SCM procedure)	Note 1
Planning, Facilitate and Execute Campaigns (hiring of equipment, distribution of pamphlets etc.)	On Quotation Based on specific technical requirements of the municipality. (Acquisition according to SCM procedure)	

Note 1:

The contractor will develop a communication and capacity building program in conjunction with the municipality. All print materials, required to be invoiced at the cost price of the contractor plus 10 percent (%). The provision of a copy of one invoice as and when required for the procurement of consumables will suffice as proof of cost of the print materials. All Planning, Facilitation and Execution Campaigns (hiring of equipment, distribution of pamphlets etc.) to be invoiced at the cost price of the contractor plus 10 percent (%).

5.3 DATA ENRICHMENT & FINANCIAL PROFILING: DATA CLEANSING – ALL ACCOUNTS ON THE BILLING SYSTEM

SERVICE OFFERING	PER ACCOUNT (EXCL. VAT)
Affordability Study per account holder (ID number)	R 23.50
Debtor's Personal Information per accounts holder (ID number)	R 17.55

5.4 DATA ENRICHMENT & FINANCIAL PROFILING: CONTINUOUS CUSTOMER DATA BASE MANAGEMENT – ALL ACCOUNTS ON THE BILLING SYSTEM

SERVICE OFFERINGS	PER ACCOUNT (EXCL. VAT)
Extract all data on Debtor system to identify deceased persons & companies in liquidation – per account	R 0.50
Deceased Persons successfully confirmed – per account	R 1.76
Company in liquidation successfully confirmed – per account	R 23.50

SERVICE OFFERINGS	PER ACCOUNT (EXCL. VAT)
Arear Debtors that are economically active – per account	R 17.55
No or incomplete ID Numbers – per account	R 13.75

5.5 INDIGENT REGISTRATIONS

ITEM No.	ACTION TYPE – DESCRIPTION		RATE PER MONTH (EXCL. VAT)
1	Setting up an operating office for all indigent management functions consisting of computer workstations, communication equipment, printers, storage facilities, office furnishings, call centre equipment		No Charge.
2	Implementing the Indigent Management Policy and Procedures in line with existing legislative framework that guides the functioning of Government		No Charge.
3	Setting up communication links between the operating office and Municipality's Financial Computer System		No Charge.
4	Management of an Operation Centre		R 120,000.00
5	Indigent Management Software		R 8,500.00 Monthly
6	Application forms/Site inspection forms		No Charge.
7	Review the current Marketing and Communication Strategy to inform all customers regarding the Indigent Management Programme		No Charge.
8	Implement the Marketing and Communication Strategy and ensure awareness to as many as affected stakeholders as possible (Monthly facilitation of campaigns)		R 25,000.00 per month.
9	Develop and implement a training Programme for staff linked with the Indigent Management Programme, for skills transfer		No Charge.
10	Register applicant on prescribed application form		R 18.50
11	Capture the Indigent Registration Data as per the application form		
12	Verifications - Site Visits	Perform a site visit and complete a questionnaire which contains an inventory and recommendations	R 68.50
13	Verifications - External Scan	Perform external scans on all applications as prescribed in the policy.	R 18.55
14	Recommendations	Generate a recommendation report based on the information captured on the database and submission to Indigent Management Committee.	R 3,500.00
15	Approval/Disapproval Letters	Generate approval/declined letters and distribute to all applicants.	R 18.50
16	Re-evaluation	Perform site verification, and complete a new application form, note changes update supporting documents and make recommendations	R 84.50
17	SMS Communication	All SMS Communication to affected Indigent consumer (Communication, outcome of registration, outcome of application)	R 2.50
18	Indigent Management Exit Plan	Develop and implement an Indigent Management Exit Plan	No Charge.

Thus, done and signed at Heidelberg on this 15 day of May 2018

AS WITNESSES:

1. [Signature]

2. [Signature]

[Signature]

For and on behalf of Lesedi Local Municipality

Thus, done and signed at Pretoria on this 15 day of May 2018

AS WITNESSES:

1. [Signature]

2. [Signature]

[Signature]

For and on behalf of IPES-Utility Management Services (Pty) Ltd

[Signatures]