

SERVICE PROVIDER AGREEMENT

Entered into by

KAREEBERG MUNICIPALITY
(The Client)

And

MUBESKO AFRICA (Pty) Ltd.
(The Service Provider)



TENDER 57/2016: Upgrading of Assest Register

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Preamble

Whereas:

- (a) The KAREEBERG Municipality appoint Mubesko Africa (Pty) Ltd after a tender process to render the following services:
- Physical verification of the existing infrastructure asset register of which the tasks will include:
 - The physical review and verification all above-ground assets (i.e. reservoirs, pumps, waste water treatment works, roads, storm water channels, bridges, mini-sub, transformers, substations, etc.) which reside in the municipality's current IAR in order to identify any movements between locations and departments;
 - Assessment of these assets' Condition and Remaining Useful Life according to the basis as determined during the project inception workshop;
 - Collection of data and information of any new assets found at these facilities which do not occur on the current IAR;
 - If applicable, carry out the updating of the IAR with information from the latest Master Plans for water, sewerage, roads, storm water or electricity;
 - Revaluation of all asset's Current Replacement Costs to reflect 2016 market related costs;
 - Assisting the Municipality to assess possible impairment losses and associated accounting treatment
 - Preparing new, or update old GIS shape files, indicating the position of the assets created in the above steps and submit to technical department for further distribution; and
 - Updating of GIS to include Land and Buildings and assess buildings;
 - Include all entries from the L&B register within the Municipal GIS spatial viewer;
 - Physically review and verify all buildings and structures (i.e. office buildings, sport field buildings, worker residences, etc.) which resides in the Municipality's current L&B register in order to assess these buildings' Condition and Remaining Useful Life as determined during a project inception workshop.
 - Transfer of skills on any of the above.
- (b) The parties wish to record the terms and conditions of acceptance of the tender and proposal of the service provider.

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It is therefore agreed as follows:

1. Interpretation

The headings of the paragraphs in this Agreement are for the purposes of reference only and shall not be used in the interpretation of this Agreement. In this Agreement, unless a contrary intention clearly appears:

- 1.1. the singular includes the plural and vice versa;
- 1.2. the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely :
 - 1.2.1. "business day" means any working day, excluding Saturdays, Sundays and public holidays;
 - 1.2.2. "client" means the KAREEBERG Municipality;
 - 1.2.3. "commencement date" means the date on which the parties commenced with the performance of their obligations, namely 1 December 2016;
 - 1.2.4. "contract price" means the fees that will be charged by the Service Provider as stipulated in the tender for the performance of the services in terms of this Agreement;
 - 1.2.5. "key result" means an indicator or yardstick in terms of which the Service Provider's successful performance of its obligations may be gauged;
 - 1.2.6. "methodology" means the professional expertise and the system of methods required by the Service Provider to perform the obligations set out in terms of this Agreement; (see page 2 and 3 of tender document)
 - 1.2.7. "prime rate" means the variable interest rate as charged and calculated by the Service Provider's bankers from time to time;
 - 1.2.8. "project" means the services to be performed by the Service Provider in terms of the Tender and the corresponding obligations to be fulfilled by the Client;
 - 1.2.9. "project plan" means the strategy prepared by the parties for the successful completion of the Project;
 - 1.2.10. "service provider" means the Mubeko Africa (Pty) Ltd;

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1.2.11. "services" refers to the professional work to be performed by the Service Provider in terms of this Agreement; and

1.2.12. "tender" means Tender Nr: 57/2016

1.3. figures are referred to in numerals and in letters and if there is any conflict between the two then the letters shall prevail;

2. Appointment and Duration

2.1. The Client hereby appoints the Service Provider to carry out the services detailed in this Agreement upon the terms and conditions set out herein.

2.2. The Service Provider will commence and complete the performance of the services on the dates as may be agreed by the parties.

2.3. The agreement shall terminate on 30 June 2017.

3. Extent of terms and conditions

3.1. This Agreement consists of the terms and conditions set out in the documentation listed as follows:

3.1.1. The Service Provider's tender to the Kareeberg Municipality and subsequent approvals from the Service Provider and the Kareeberg Municipality;

3.1.2. Letter of appointment; and

3.1.3. This Agreement.

3.2. In the event of conflict between the provisions of any of the aforesaid documentation and this Agreement, the provisions of this Agreement shall prevail.

4. Scope of Services

4.1. The Service Provider shall provide accounting support to the KAREEBERG Municipality, as listed in par (a) above.

4.2. Services shall be rendered with regard to the proposals and requirements of the KAREEBERG Municipality.

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- 4.3. Proposal and service levels or requirements as stipulated in this agreement shall govern the Service Provider's performance of its obligations, unless agreed otherwise.

5. Obligations of the Service Provider

- 5.1. The Service Provider shall render all required services in compliance with the methodology and timeframes set out in this Agreement or as may further be agreed. In this regard:

5.1.1. The Service Provider shall accomplish the key results set out in this agreement, if the Service Provider fails to perform the municipality reserves the right to terminate the contract and,

5.1.2. The Service Provider shall not be bound to the methodology or external professional assistance it elects to employ, provided that whatever external assistance or methodology is selected enables the Service Provider to successfully perform its obligations.

- 5.2. The aforesaid services shall be rendered diligently and to the standard required by the Client.

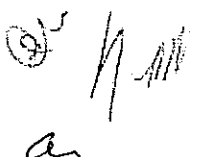
6. Obligations of the Client

- 6.1. The Client shall ensure that the Service Provider has reasonable access to and the support of whatever information or personnel, respectively, may be necessary for the Service Provider to fulfil its obligations.

- 6.2. The Client shall effect remuneration to the Service Provider upon the latter's performance of its obligations within 30 days of receiving a supporting invoice. The Service Provider shall submit a statement of account on a monthly basis to the client in order to reconcile payables with the client's own accounting records, and if, for any reason, is unable to submit such statements, will inform the client in writing of the reasons for such failure. The Client will not unreasonably demand such statements or withhold payment because of such failure to deliver statements of account.

7. Remuneration

- 7.1. The Client hereby agrees to remunerate the Service Provider strictly in accordance with the provisions of payment method utilised in the KAREEBERG Municipality (within 30 days of receiving the Invoice). Should the Client defaults or falls into arrears with any payment then the Service Provider reserves its right to claim payment of interest at the prime rate, calculated from the day payment has become due to the actual date of


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payment. For the purpose of GRAP 104 the "due date", as determined in terms of this paragraph, shall be the last day before interest is being charged by the Service Provider and any interest-free extension of payment by the Service Provider beyond the normal due-date should be treated as an extension of the due-date.

8. Limitation of liability

- 8.1. The Service Provider hereby protects and secures the Client against all legal liability with regard to any claims that may arise as a result of a breach of contract or negligence on the part of the Service Provider in respect of its obligations in terms of this Agreement.
- 8.2. The maximum liability of the Service Provider in respect of the aforesaid claims shall be limited to the aggregate of fees that have accrued to the Service Provider for the obligations that form the subject of the breach of contract or negligence as at the time that the cause of action arose.
- 8.3. The Client warrants that all required supply chain procedures were followed for the appointment of the Service Provider and that the Service Provider can act on this appointment in utmost good faith.

9. Disputes

- 9.1. In the event that a dispute arises between the Client and the Service Provider it shall be referred to mediation within 5 (five) business days of either party declaring such a dispute. In this regard:
 - 9.1.1. A mediator shall be appointed by the parties, to preside over the mediation; and,
 - 9.1.2. The parties shall seek ways and means to resolve the dispute in the most expedient manner.
- 9.2. Should the dispute not be resolved within 10 (ten) business days of the commencement of mediation it shall be referred to arbitration. Accordingly:
 - 9.2.1. An arbitrator shall be appointed by the parties, alternatively by the chair of the Arbitration Foundation of South Africa ('AFSA'), to preside over the arbitration; and,
 - 9.2.2. The rules of AFSA shall govern the conduct of the arbitration; and
 - 9.2.3. The responsibility of carrying the cost of arbitration shall be determined by the arbitrator.

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- 9.3. Nothing in this paragraph shall prevent either party from approaching the High Court for suitable judicial relief, but the parties agree that the procedures in paragraphs 9.1 and 9.2 must first be followed before such an approach.

10. Breach

- 10.1. If either party breaches this Agreement or fails to perform any of its obligations, then the other party shall provide written notice, calling upon the first party to rectify its breach within a period of not less than 10 (ten) business days.
- 10.2. Should the party in breach have failed to rectify the breach within the aforesaid time period, the other party may cancel this Agreement and claim recovery of damages.

11. Termination

- 11.1. This Agreement may be terminated upon 20 (twenty) business days' written notice, after the terminating party has consulted the other about its intention in writing.
- 11.2. The aforesaid termination shall not prejudice either party's rights in respect of the obligations already performed or to be performed as at the date of termination.

12. Whole agreement

This Agreement constitutes the whole agreement between the parties unless supplemented by further agreements, which shall be in writing.

13. *Domicilium citandi et executandi*

- 13.1. The parties choose as their *domicilia citandi et executandi* the addresses set out hereunder :

13.1.1. Client :

Office of the Municipal Manager
KAREEBERG Municipality
PO Box 10
CARNARVON
8925

13.1.2. Service Provider :

Mubeko Africa (Pty) Ltd
12 Steyn Street
OUDTSHOORN
6620

- 13.2. Either party may change its *domicilium citandi et executandi* by giving written notice to the other, the new address becoming effective at the expiry of 10 (ten) business days from the communication of notification.

Dated at CARNARVON this 28 day of November 2016.

AS WITNESSES:

1. Aan Schalk

2. [Signature]
CLIENT

Dated at Oudtshoorn this 7th day of December 2016.

AS WITNESSES:

1. [Signature]

2. [Signature]
FOR SERVICE PROVIDER