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	Mar	04	05	06	07	08	09	10	TOTAL 05-09
GNUC		0.8	3.4	11.3	5.4	5.1	5.3	2.7	34.3
SC		0.6	0.1	4.2	3.8	2.3	1.7	1	12.9
MLM		0.2	5.4	12.1	19.3	10	10	10	51.6
DWAF		3	0	0	0	0	0	0	0
TOTAL									

SUPPLEMENTARY AGREEMENT

No. 2

entered into between

MBOMBELA LOCAL MUNICIPALITY
(the Council)

and

THE GREATER NELSPRUIT UTILITY COMPANY (PROPRIETARY) LIMITED

Registration No. 98-16432/07

(the Concessionaire)

- 5 yr period : 1/1/04 - 31/10/09
- Executed 24/6/05 but effective 1/1/04
- 1st change effective 1/1/05
- Next negotiation date 1/5/09 latest
- First change effective 1/7/05
- F2 of Council (which has + 3% added to escalator 10th escalator)
- 5yr plan to be issued every year (as original contract)
- Surcharge of 20% p. annum to Richards

ASHIRA

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CERTIFIED AS A TRUE COPY
OF THE ORIGINAL

Paul Clerk

JAN GEORGE VAN NIEKERK
Notary Public for the Eastern Cape
Notary Public for the Free State
Notary Public for the Northern Cape
Notary Public for the Western Cape
KSA
13 Jones St 1st Fl Johannesburg, SA

[Handwritten initials and signature]

1. INTRODUCTION

CERTIFIED AS A TRUE COPY
OF THE ORIGINALJAN GEORGE VAN NIEKERK
Kommissaris van Edik
Prokureur Generaal
P. S. A.
18 Junes 21 18 NP 5PMU 1 00g

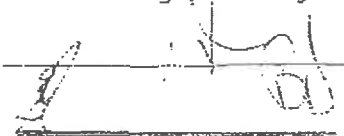
It is recorded that:

- 1.1. the Council and the Concessionaire concluded the Concession Contract;
- 1.2. the Concession Contract anticipates that base charges are agreed for five year periods, and that within a five-year period these base charges automatically escalate annually in accordance with an agreed formula;
- 1.3. this agreement is concluded following a process of agreeing the revision of the base charge for the second five-year period as is required in clause 43.3 of the Concession Contract;
- 1.4. the Council and the Concessionaire wish to amend and supplement the relevant provisions of the Concession Contract by entering into this Supplementary Agreement No 2;
- 1.5. the Council and the Concessionaire hereby record in writing their agreement and undertakings: and
- 1.6. this Supplementary Agreement No 2 amends and supplements the Concession Contract, in accordance with the requirements of the Concession Contract, as set out below.

2. INTERPRETATION AND PRELIMINARY

For ease of reference expressions used in this Supplementary Agreement No 2 shall have the same meaning as expressions defined in the Concession Contract, unless expressly provided otherwise, and the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely -

- 2.1. "Base Charge" means the charges agreed to in the attached ANNEXURE A: CHARGE SCHEDULE for the Five Year Period;
- 2.2. "Charge Escalation Date" means 1 July of every year, commencing 1 July 2005;
- 2.3. "Charge Escalation Formula" means the formula set out and calculated in Annexure F2: CHARGE ESCALATION FORMULA, to the Concession Contract;
- 2.4. "Concession Contract" means the agreement between the Council and the Concessionaire signed on 21 April 1999, which became effective on 1 November 1999, regarding the supply of water services in the concession area, as amended and supplemented by the Clarification Memorandum signed in June 2000 and the Supplementary Agreement No 1 signed in August 2003;



- 2.5. "Council" means Mbombela Local Municipality, the successor in title to Nelspruit Transitional Local Council, as established by Part 4 of Mpumalanga Provincial Notice No. 261 dated 6 September 2000, or its successor in title;
- 2.6. "Five Year Period" means the period commencing on 1 November 2004 and terminating on 31 October 2009;
- 2.7. "Informal house" means a residential dwelling in a developed area which is capable of being connected to the works and which will be zoned by the Council as a residential stand in order that ownership and title may be registered;
- 2.8. "Municipal Infrastructure Grant (MIG)" means the grant funding applied for and allocated to the Council for infrastructure development, which is not repayable by the Municipality;
- 2.9. "Municipal Service (S) Grant" means the portion, allocated by the Council to the Concessionaire, of the unconditional basic services grant received by the Council out of nationally raised revenue in accordance with the annually promulgated Division of Revenue Act to support the provision of basic services to low income households;
- 2.10. "Secured Term Loan Facility Agreement" means the secured term loan facility agreement entered into between the Concessionaire, Nedbank Limited and the DBSA on 10 August 2000 (defined as the "Facility Agreement" in the Concession Contract); and
- 2.11. "Supplementary Agreement No 1" means the agreement signed by the Council and the Concessionaire in August 2003 together with its annexures.

3. LEGISLATIVE REQUIREMENTS

- 3.1. The Council warrants that the Council has complied with the provisions of section 81(4) of the Local Government: Municipal Systems Act 32 of 2000, prior to the conclusion of this Supplementary Agreement No 2.
- 3.2. Further, in terms of section 75A read with section 21 of the Local Government: Municipal Systems Act 32 of 2000 the Council's proposed tariff increases effective 1 January 2005 were advertised in the prescribed legal format and additional articles were placed in local newspapers.
- 3.3. Community participation was arranged and comments were considered by the Council prior to agreeing to the tariffs equivalent to the Base Charge coming into effect on 1 January 2005.

4. THE SECURED TERM LOAN FACILITY AGREEMENT

The Concessionaire warrants that this Supplementary Agreement No 2 is not in contravention of any provisions of the Secured Term Loan Facility Agreement (referred to as the Facility Agreement in the Concession Contract).

5. EFFECTIVE DATE

Notwithstanding the date of signature, the parties agree that the Concession Contract be amended and supplemented as set out in this Supplementary Agreement No 2 with effect from 1 November 2004, from which date all references to the Concession Contract in any agreement signed between the parties shall mean the Concession Contract as amended and supplemented by this Supplementary Agreement No 2.

6. THE BASE CHARGE

6.1 The parties have, in accordance with clause 43.5.3 of the Concession Contract agreed that the Base Charge applicable for the Five Year Period shall be as set out in the attached ANNEXURE A: CHARGE SCHEDULE.

6.2 The parties agree that the attached ANNEXURE A: CHARGE SCHEDULE shall replace the Annexure F1 to the Concession Contract in its entirety.

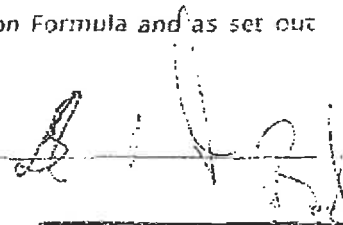
6.3 The parties agree that notwithstanding that the Five Year Period commenced on 1 November 2004, the Council's tariffs reflecting the Base Charges will only be effective 1 January 2005. The Concessionaire expressly waives any rights it has or may have to claim the difference between the tariff and the Base Charge for the period 1 November 2004 to 31 December 2004, and indemnifies the Council accordingly.

6.4 The parties shall in accordance with the clause 43.7 of the Concession Agreement commence on at least 1 May 2009 negotiating the Base Charge for the following Five Year Period commencing 1 November 2009.

7. ESCALATION OF THE BASE CHARGE

7.1 The Base Charges in ANNEXURE A: CHARGE SCHEDULE shall automatically escalate on 1 July every year, with the first escalation being on 1 July 2005.

7.2 The Base Charge shall automatically escalate by the Charge Escalation Formula and as set out more fully in Annexure F2 to the Concession Contract.



8. OTHER FUNDING

In addition to the income earned from the collection of tariffs from consumers, the income of the Concessionaire will, for the Five Year Period be supplemented as follows:

- 8.1 The Municipality shall provide grant funding accessed from the Municipal Infrastructure Grant for water services to the Concessionaire. The Concessionaire shall support the Municipality in making application for such grant funding by making all necessary information available and drafting the relevant business plans.
- 8.2 The Concessionaire shall collect and be responsible for service contributions as set out in clause 13 and Annexure L of the Concession Contract, in particular from the areas included as set out in clause 10 below. This figure shall be reported on annually by the Concessionaire.
- 8.3 The Council shall pay the Municipal Service (S) Grant (or equitable share) to the Concessionaire for purposes of subsidising the delivery free basic services as set out in the Supplementary Agreement No 1 (reflected in column 1 in the table below), and shall in addition allocate and pay the amounts in column two in the table below to the Concessionaire.

Period	Equitable Share due in terms of Supplementary Agreement No 1 (inclusive).	Equitable Share due in terms of Supplementary Agreement No 2 (inclusive).	Total Annual Equitable Share due to Concessionaire (inclusive)
July 05 - June 06	R 3 700 000	R 2 500 000	R6 200 000
July 06 - June 07	R 3 300 000	R 2 500 000	R5 800 000
July 07 - June 08	R 4 200 000	R 2 500 000	R6 700 000
July 08 - June 09		R 2 500 000 - R4 200 000	R6 700 000

- 8.4 The Concessionaire acknowledges that in terms of the Concession Contract, the Council was obliged to only pay R2 million Municipal Service (S) Grant per annum.
- 8.5 The Council undertakes that from 1 July 2009 the amount to be allocated from equitable share to water services shall be determined with reference to the cost of delivering free basic services to the indigent, the level of indigency in the Contract Area, the level of cross-subsidisation from other consumers and the allocation of revenue to the Council in terms of the Division of Revenue Act, and it shall not be less than R4 200 000 (four million two hundred thousand rand). The Council shall, if it is possible, increase the amount of equitable payable to assist subsidisation with the free basic services in the Contract Area.

9. CAPITAL DEVELOPMENT PROGRAMME

- 9.1 The Council has agreed to the Base Charges for the Five Year Period in order to assist with the funding of capital development in the Concession Area. The capital spending programme for the Five Year Period is attached as ANNEXURE B: CAPITAL SPENDING PROGRAMME.
- 9.2 In spending all the funding available to the Concessionaire, the Concessionaire shall achieve the key performance indicators set out in ANNEXURE C: KEY PERFORMANCE INDICATORS subject to the receipt of the income to be provided by the Council under 8 above.
- 9.3 In addition to the key performance indicators agreed to for the Five Year Period, the Parties have agreed the annual performance indicators for the annual periods ending March 2005 and March 2006. The annual performance indicators for the remaining years shall be agreed in the Five Year Plan submitted to the Council in accordance with the Concession Contract (Annexure J to the Concession Contract).
- 9.4 Failure to achieve the annual performance indicators may result in the provisions of the Concession Contract applying (in particular the clauses 14 and 15 and Annexure G: Schedule of Sanctions of the Concession Contract).
- 9.5 The Parties agree that the attached ANNEXURE C: KEY PERFORMANCE INDICATORS shall replace the Clause 1 (only) of Annexure B3 to the Concession Contract in its entirety.
- 9.6 Regarding the delivery of services to Informal Houses, the Concessionaire shall use its best endeavours to provide a basic level of water services to all Informal Houses, or where it is not possible to provide a basic level of service then to provide regular access to a water supply service. Annually the Concessionaire shall include in its Five Year Plan at least the following:
- 9.6.1. the number of informal houses per area which are then served by the Concessionaire: the service level provided, and the cost and income associated with the providing of the service per developed area;
- 9.6.2. the anticipated number of informal houses per area to be served in the forth coming year; the levels of service to be provided, and the cost and income associated with the anticipated service provision; and
- 9.6.3. a reasonable estimate of the number of informal houses per area which will not be served with a minimum level of water supply service and for each area an explanation as to why services cannot be provided by the Concessionaire.

9.7 The delivery of services to expansion areas is governed by clause 9.2 of the Concession Contract.

9.8 The performance of the Concessionaire in regard to capital planning and spending, and the related receipt of all funds by the Concessionaire from the designated sources of income, will in addition to all other rights of the Council, be monitored by the Council's committee established in terms of section 80 of the Municipal Structures Act, 1998, to monitor the concession. This structure is the "co-ordinating committee" referred to in the Supplementary Agreement No 1.

10. CONTRACT AREA

10.1 The parties agree in accordance with clause 9.2 of the Concession Contract that with effect from 1 January 2005, the following expansion areas are included in the Concession Area, and the income and expenditure for each area shall be provided for separately in the Five Year Plan:

10.1.1. the Old Airport;

10.1.2. Matsulu Entrance;

10.1.3. Emoyeni; and

10.1.4. Entokozweni.

10.2 The parties record that Riverside Phase II is within the Development Area of the Concession Area and that the Concessionaire is entitled to the service contributions for that area. The Concessionaire shall separately disclose the service contributions from the consumers in this area, as required in 8.2 above.

11. AMENDMENT TO THE CONCESSION CONTRACT

11.1 The parties agree that clause 43 of the Concession Contract be amended as follows:

11.1.1. by the deletion of "adjustment" in 43.2 and insertion of "escalation" in its place;

11.1.2. by the deletion of "charge adjustment date" and insertion of "effective date" in 43.3;

11.1.3. by the deletion of "charge adjustment date" and insertion of "effective date" in 43.3.1, 43.4; and 43.5.1 (twice); and

11.1.4. by the deletion of "adjustment" in line 2 of 43.9 after the word "escalation" and by deletion of "or any anniversary of the charge adjustment date" in the second and third line of 43.9.



11.2 It is recorded that 'effective date' referred to clauses 11.1.2 and 11.1.3 refer to the effective date of the Concession Contract which is 1 November 1999.

11.3 It is recorded that the following annexures to the Concession Contract are replaced by this agreement:

11.3.1, Annexure F1: Charge Schedule is replaced with ANNEXURE A: CHARGE SCHEDULE; and

11.3.2, Clause 1 of Annexure B3 headed "Performance Levels" is replaced with ANNEXURE C: PERFORMANCE LEVELS.

12. GENERAL

12.1 This Supplementary Agreement No.2 is to be read together with the Concession Contract and is not intended to prejudice any rights of either party to the Concession Contract, unless specifically agreed to herein.

12.2 If there is any conflict or ambiguity between the provisions of this Supplementary Agreement No. 2 and the Concession Contract, the provisions of this Supplementary Agreement No. 2 shall prevail.

12.3 Save for the express amendments contained in the Supplementary Agreement No. 2, the Concession Contract shall remain of full force and effect in accordance with its terms.

SIGNED by the parties and witnessed on the following dates and at the following places respectively:

DATE

PLACE

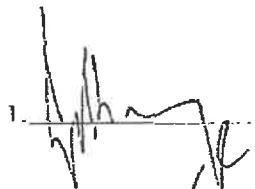
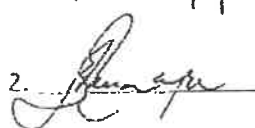
WITNESSES

SIGNATURE

For MBOMBELA LOCAL MUNICIPALITY

24/05/05

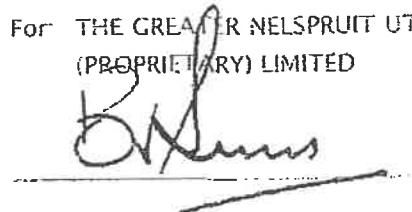
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1. 
2. 

For THE GREATER NELSPRUIT UTILITY COMPANY
(PROPRIETARY) LIMITED

12/6/05. Nelspruit

1. _____
2. _____



ANNEXURE A: CHARGE SCHEDULE FOR THE 5 YEAR PERIOD ENDING 31 OCTOBER 2009

This Annexure replaces the (new) Annexure F1: Charge Schedule, attached to the Concession Contract which was introduced by the Clarification Memorandum.

1. DEFINITIONS:

- 1.1. "business" means any commercial or industrial or institution or sports club premises or guest house with 4 bedrooms or more;
- 1.2. "domestic" means any private dwelling house, each flat, each townhouse, religious institutions and guest houses with 3 bedrooms or less;
- 1.3. "schools" means a properly registered educational facility;
- 1.4. "monthly consumption" means consumption of water measured in a period between monthly meter readings. Where a monthly meter reading cannot be taken for any reason, the consumption will be based on an average calculated from previous month's consumption;
- 1.5. "Municipal Drainage By-Laws" means drainage and sanitation by-laws of the Council published in the Provincial Gazette Extraordinary No 1010 dated 31 October 2003;
- 1.6. "Riverside area" means area in Nelspruit which is north and west of, and which would link to, the northern and western outfall sewers, and includes current and future development; and
- 1.7. "unit" means part of flat or town house occupied by one household.

2. WATER (DOMESTIC)

2.1. BASIC MONTHLY CHARGE

2.1.1. Empty Domestic Stands

Where any erf, stand, lot or other area, with or without improvements, can in the reasonable opinion of the Concessionaire be connected to the main system:

Basic Monthly Charge = R 11,53

[Signature]

2.1.2. Occupied Domestic Stands

Every consumer on any erf, stand, lot or other area, with or without improvements, which is, in the reasonable opinion, of the Concessionaire connected to the main system will be charged a basic monthly charge when the water consumption exceeds 6kl per month:

Basic Monthly Charge = R 20,00

2.1.3. Flats and Town Houses

For flats and town houses the basic monthly charge will be charged per unit and will be charged a basic monthly charge when the water consumption exceeds 6kl per month:

Basic Monthly Charge = R 20,00 per unit

2.2. VARIABLE CHARGE

2.2.1. Domestic

Bands	Water consumption per month	Variable charge per kilolitre
1	Up to and including 6kl	0
2	Over 6kl up to and including 12kl	0
3	Over 12 up to and including 20 kl	R 4,40
4	Over 20 up to and including 40 kl	R 4,60
5	Over 40 up to and including 150 kl	R 4,70
6	Over 150 kl	R 4,80

2.2.2. Schools

Bands	Water consumption per month	Variable charge per kilolitre
1	Up to and including 12kl	R 4,40
2	Over 12 up to and including 20 kl	R 4,40
3	Over 20 up to and including 40 kl	R 4,60
4	Over 40 up to and including 150 kl	R 4,70
5	Over 150 kl	R 4,80

3. WATER (BUSINESS)

3.1. BASIC MONTHLY CHARGE (BUSINESS)

[Signature]

3.1.1. Empty Business Stands

Where any erf, stand, lot or other area, with or without improvements, can in the reasonable opinion of the Concessionaire be connected to the main system:

Basic Monthly Charge = R 11,53

3.1.2. Occupied Business Stands

Every connected consumer on any erf, stand, lot or other area, with or without improvements, which is in reasonable opinion of the Concessionaire connected to the main system:

Basic Monthly Charge = R 30,00

3.2. VARIABLE CHARGE (BUSINESS)

Bands	Water consumption per month	Variable charge per kilolitre
1	Up to and including 50 kl	R 5,00
2	Over 50 up to and including 100 kl	R 6,00
3	Over 100 up to and including 300 kl	R 6,50
4	Over 300 up to and including 500 kl	R 5,50
5	Over 500 kl	R 4,75

4. FIRE EXTINGUISHING SERVICES

Item	Description	Detail	Charge
1	Sprinkler Installations	Inspection and Maintenance of Communication Pipe	R 85,00 per yr
2	Drencher Installations	Inspection and Maintenance of Communication Pipe if part of general sprinkler installation	No charge
		Inspection and Maintenance of Communication Pipe if not part of general sprinkler installation	R 85,00 per yr
3	Hydrant Installations, except on Council property	Inspection and Maintenance of Communication Pipe	R 85,00
		Resealing hydrant when used to drench fire	R 140,00
		Resealing hydrant when not used to drench fire plus a charge for the water used.	R 400,00

Jan George van Niekerk
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CERTIFIED AS A TRUE COPY
OF THE ORIGINAL

JAN GEORGE VAN NIEKERK

Kommissaris van BodeCommissie van de
Inkviserende Prokuratuur (Korps van de
R.S.A.
12-10-2005 10:10:10

5. GENERAL

5.1. Connection Charges

Item	Detail	Charge
1	Connection fee for new consumers	R 40.00
2	Connecting new domestic premises to nearest main (including meter)	Material Cost plus 25%
3	Connecting new business premises to nearest main (including meter)	R 1000.00 or Material Cost plus 40% which ever is the maximum
4	Reconnection after supply disconnected under Municipal By Laws and Consumer Rules	R140.00 per reconnection*
5	Issue of Reminder Notice	R 50.00

*Note: Prior to reconnection the outstanding amount owing plus interest, plus reconnection charge must be paid.

5.2. Deposits

Deposits are required prior to the connection of a supply. Deposits will be refunded, after deduction of outstanding amounts, when the consumer leaves the Concession Area or terminates supply of services.

Item	Detail	Charge
1	Domestic Supply	Based upon estimated two months average consumption
2	Domestic - Pensioners	R 150.00
3	Business	R 1900.00 or estimated two months average water charge whichever is the maximum.

5.3. Meter Charges

Item	Detail	Charge
1	Special Meter Reading	No charge
2	Meter Test requested by customer	
	a) If meter found to be faulty *	No charge
	b) If meter found to be correct	R 500.00

*Note: For any other work not specified above, the charge will be based on the cost of labour and materials plus an 'on cost' of 40%.

CERTIFIED AS A TRUE COPY
OF THE ORIGINAL

[Handwritten Signature]

JAN GEORGE VAN NIEKERK
Commissioner of the City of Johannesburg
Municipal Engineering Department
75 A
18 Jans van Riebeeck Street, Johannesburg

5.4. Water Pressure Tests

Item	Detail	Charge
1	Pressure Test	R 125,00

6. SANITATION (DOMESTIC)

6.1. BASIC MONTHLY CHARGE

6.1.1. Empty Domestic Stands

Where any erf, stand, lot or other area, with or without improvements, can in the reasonable opinion of the Concessionaire be connected to the main system:

Basic Monthly Charge = R 39,02

6.1.2. Occupied Domestic Stands

Every connected consumer on any erf, stand, lot or other area, with or without improvements, which is, in the reasonable opinion of the Concessionaire, connected to the main system shall pay a basic monthly charge when the water consumption exceeds 6kl per month:

Basic Monthly Charge = R 20,00

6.1.3. Schools

Every connected consumer on any erf, stand, lot or other area, with or without improvements, is in the reasonable opinion of the Concessionaire connected to the main system:

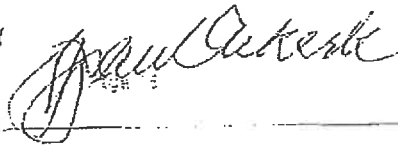
Basic Monthly Charge = R 20,00

6.1.4. Flats and Town Houses

For flats and Town Houses the basic monthly charge will be charged per unit when the water consumption exceeds 6kl per unit per month:

Basic Monthly Charge = R 20,00 per unit

[Handwritten Signatures]



6.2. VARIABLE CHARGES (DOMESTIC)

6.2.1. Domestic

Bands	Water consumption per month per erf or per unit	Variable charge per kilolitre
1	Up to and including 12kl	0
2	Over 12 up to and including 20 kl	R 4,80
3	Over 20 up to and including 40 kl	R 5,10
4	Over 40 kl	0

6.2.2. Schools

NOTE. SPECIAL ARRANGEMENTS

- Sanitation charges are capped at 220kl.
- Supply to sports fields (including ablution blocks) are charged for water only where a separate irrigation meter is installed.

Bands	Water consumption per month	Variable charge per kilolitre
1	Up to and including 12kl per unit	R 4,80
2	Over 12 up to and including 20 kl per unit	R 4,80
3	Over 20 up to and including 220 kl per unit	R 5,10
4	Over 220 kl per unit	No Charge

7. SANITATION (BUSINESS)

7.1. BASIC MONTHLY CHARGE

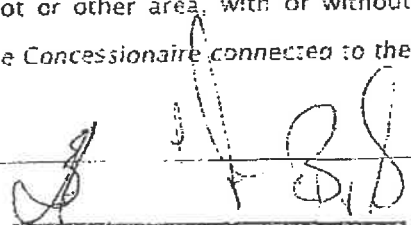
7.1.1. Empty Business Stands

Where any erf, stand, lot or other area, with or without improvements, can in the reasonable opinion of the Concessionaire be connected to the main system

Basic Monthly Charge = R 56,64

7.1.2. Occupied Business Stands

Every connected consumer on any erf, stand, lot or other area, with or without improvements, is in the reasonable opinion of the Concessionaire connected to the main system:



Basic Monthly Charge = R 30,00

7.2. VARIABLE CHARGES (This excludes 'wet industries' dealt with in 7.3 below)

Bands	Water consumption per month	Charge/kilolitre
1	Up to and including 50 kl	R 5,00
2	Over 50 up to and including 100 kl	R 6,00
3	Over 100 up to and including 300 kl	R 6,50
4	Over 300 up to and including 500 kl	R 5,50
5	Over 500 kl	R 4,75

Note. Institutions using water for irrigation can apply to the Concessionaire for a two meter supply. Water used exclusively for irrigation is excluded from the sewage charge.

7.3. DISCHARGE OF INDUSTRIAL EFFLUENT

The owner, or occupier of premises on which any Trade or Industry identified by the Council or Concessionaire as a 'Wet' Trade or Industry, is carried out and from which, as a result of such trade or industry or of any process incidental thereto, any effluent is discharged into the sewer, shall in addition to the Fixed Charges for which he is liable in terms of this determination, pay to the Concessionaire, instead of a sewage charge per sewerage point, an amount calculated on the quantity and quality of effluent discharged during the period of the charge and in accordance with the Treatment Formula and the Disincentive Formula below:

7.3.1. Treatment Formula

$$T_o = C[(Q_i)/(Q_t)](0,31 + 0,22K_c - 0,27K_s - 0,20K_n)$$

Where

T_o = Charges applicable to an individual contributor

C = Total capital redemption, interest, operation and maintenance cost of the sewage treatment works set by the CONCESSIONAIRE

Q_i = Sewage flow from an individual contributor (megalitre per day)

Q_t = Total sewage flow in the system (megalitre per day)

K_c = COD_i / COD_t

K_s = SS_i / SS_t

K_n = N_i / N_t

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- COD = Chemical oxygen demand of the settled sewage originating from the contributor (milligrams per litre)
- COD_t = Average chemical oxygen demand of settled sewage in the total inflow to the system (milligrams per litre)
- SS_i = Suspended solids concentration originating from the contributor (milligrams per litre)
- SS_t = Average suspended solids concentration in the total inflow to the system (milligrams per litre)
- N_i = Ammonia concentration originating from the contributor (milligrams per litre)
- N_t = Average ammonia concentration in the total inflow to the system (milligrams per litre)

7.3.2. Disincentive Formula

$$P = P_1 + P_2 + P_3 + P_4 + P_5 + P_6 + P_7$$

Where :

P = Disincentive Cost Charge in cents per kilolitre

$$P_1 = [(E - 100) / 2] \times 25,0$$

Where E = Maximum recorded conductivity (mS; m)

$$P_2 = [(M_1 - 20) / 10] \times 25,0$$

Where M₁ = Maximum recorded concentration of any individual metal in Group 1 (milligrams per litre)

$$P_3 = [(M_2 - 50) / 2] \times 25,0$$

Where M₂ = Maximum recorded concentration of all metals in Group 1 (milligrams per litre)

$$P_4 = [(M_3 - 5) / 2] \times 25,0$$

Where M₃ = Maximum recorded concentration of any metals in Group 2 (milligrams per litre)

$$P_5 = [(M_4 - 10) / 4] \times 25,0$$

Where M₄ = Maximum recorded concentration of all metals in Group 2 (milligrams per litre)

$$P_6 = [(6 - pH_{min}) / 2] \times 25,0$$

Where pH min = Minimum recorded pH value

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P7 = $[(pH_{max} - 10) / 2] \times 25,0$

Where pH max = Maximum recorded pH value

7.3.3. Application of Formula

The average of the seven highest values of the different analyses from 24 (twenty four) hourly composite samples of the effluent, taken during the period of charge, will be used to determine the treatment charges applicable.

In the absence of a complete set of 24 (twenty four) hourly composite samples, the average of not less than three highest values and not more than seven highest values of the different analysis results of either snatch, or hourly composite, or 24 (twenty four) hourly composite samples of the effluent, taken during the period of charge, may be used to determine the charges applicable.

7.3.4. In order to determine the strength (Chemical oxygen demand, Suspended Solids concentration, Ammonia concentration) in the effluent as well as the concentration of Group 1 and 2 metals, pH value and conductivity, the concessionaire will use the tests normally used for these respective purposes and as previously used by the council.

The disincentive formula is calculated on the basis of the different analysis results of individual snatch or composite samples. The period of calculation shall not be less than a full 24 (twenty four) hours period unless strong evidence is submitted to the concessionaire that a lesser period is actually applicable.

The terms P1 to P7 of the disincentive formula have a maximum individual value of R0,25 (twenty five cents) per kilolitre and cannot assume a negative value.

The calculated treatment charges shall remain constant for a period of not less than one month from the date of commencement of these charges, after expiry whereof they may be amended or revised from time to time depending on such changes in the analysis results of further samples as may take place from time to time; provided that the concessionaire in its discretion in any particular case may apply minimum charges prescribed in rule 6, without taking any samples.

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- 7.3.5. Whenever a sample is taken by the concessionaire in terms of 1 above, one-half thereof shall be made available to the owner of the premises if applicable.
- 7.3.6. In the absence of any direct measurement, the quantity of industrial effluent discharge during a period shall be measured or determined by the concessionaire according to the quantity of water consumed on the premises during that period and in the determination of that quantity the quantity of the water consumed on the premises for domestic purposes, lost to atmosphere during the process of manufacture or present in the final product, shall be deducted.
- 7.3.7. If a meter whereby the quantity of water consumed or sewage discharged from the premises is measured is proved to be defective, the appropriate adjustments shall be made to the quantity of industrial effluent discharge when calculated as prescribed in 3 above.
- 7.3.8.
- 7.3.8.1. Where industrial effluent is discharged into the sewer from more than one point, whether these points are on the same floor or on different floors of the premises the concessionaire may in its reasonable discretion, for purpose of determining the charge applicable, including the taking of test samples, treat each such point of discharge as a separate point for the discharge of industrial effluent into the sewer.
- 7.3.8.2. For the purposes of calculation, as prescribed in 7.3.7.3.8.1 above, of the quantity of effluent discharge from each point of discharge as aforesaid, the total quantity of water consumed on the premises shall be allocated among the several points of discharge as accurately as is reasonably practicable after consultation between the concessionaire and the occupier.

8. GENERAL

8.1. Discharge of swimming pool water

For the discharge of swimming pool water into a drainage installation in terms of Section 76(c) of the Municipal Drainage By-laws: R 2,53 per 5 kilolitre, provided that such discharge may not be effected without prior approval of the Concessionaire.

8.2. Removal of blockages from a drainage installation

The owner or occupant is subjected to the provisions of Section 13 of the Municipal Drainage By-laws and in the first instance responsible for the removal of blockages from a drainage installation.

For the removal of blockages from a drainage installation in terms of Section 13(d) of the Municipal Drainage By-laws:

- (a) Between 0800 to 1600 on week days R240,00 per hour or part thereof
- (b) Before or after working hours, at weekends and public holidays: R 300,00 per hour or part thereof

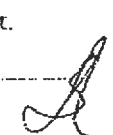
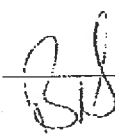
8.3. Application charges in terms of section 23(a) of the Municipal Drainage by -laws:

- (1) For the approval mentioned in section 20(a) of the Municipal Drainage By-laws the following charges shall be payable to the Concessionaire.

- (a) for each connection point of a gully, grease trap, water closet, soil water pipe or waste paper pipe to a drain pipe, branch drain pipe or stack pipe: R 155,00

- (b) the minimum charge payable for an approval in terms of this item shall be R 400,00 ; provided that where a drainage plan in terms of the provisions of section 21 of the Municipal Drainage By-laws is lodged together with a building plan in terms of the Municipal Building By-laws, the amount of R 400,00 shall not be levied.

- (2) Should a plan be amended in terms of the provisions of section 21 of the Municipal Drainage By-laws, the charges in sub item (1) minus 50 % shall be payable; provided that should there be an additional point of inlet as defined in sub item (1) the full charge shall be payable for each connection point.

8.4. Connection Fee

The fee will be at cost plus 40% subject to a minimum charge of R 990.00 for all consumers.

8.5. Receipt of sewage

The Company will accept for disposal septic tank waste at its treatment works in Nelspruit, Kanyamazane and Matsulu. The Company will reserve its right to refuse to accept such waste if in the Company's opinion the waste will be harmful to the treatment process.

Transported by tanker: R2,98 per kilolitre

8.6. Surcharge

A surcharge of 20 % on the normal sewage tariffs is applicable on all current and future developments in the Riverside area.

9. VALUE ADDED TAX

The charges do not include value added tax which will be added to each charge in accordance with legislation applicable at the time.

Appendix

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Jan George van Niekerk

JAN GEORGE VAN NIEKERK
Kommissaris van Bestuur en Finansiële Direkteur
Pretoriase Waterwêreld- en Stadsregering
= 1.2

ANNEXURE B CAPITAL SPENDING PROGRAMME FOR THE FIVE YEAR PERIOD ENDING 31 OCTOBER 2009

AB

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Paul Dittus

Key Performance Area	Key Performance Indicators (To be achieved by March 2009)	Current Baseline	Annual Performance Indicator of 2005	
			By End of March 2005	By End of March 2006
6 Financial Sustainability	Utilise the tariff increases to effectively support the long term sustainability of the provision of water services	97%	Achievement of financial indicators confirming long term sustainability 97% payment level	Achievement of financial indicators confirming long term sustainability 97% payment level
	Maintain payment levels in Nelspruit at an average of at least 97% of billed amounts	20%	25% payment level	40% payment level
	Increase payment levels in Kanyamazane to an average of at least 80% of billed amounts	5%	10% payment level	35% payment level
	Increase payment levels in Matsulu to an average of at least 72% of billed amounts	15%	20% payment level	40% payment level
7 Implementation of new works or refurbishment of existing works	Increase payment levels in Peri-Urban areas to an average of at least 70% of billed amounts	0%	0% payment level	30% payment level
	Completion of the projects indicated on the capital works schedule		Completion of the projects indicated on the capital works schedule for the year	Completion of the projects indicated on the capital works schedule for the year

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JAN GEORGE VAN NIEKERK
Administrator, Water & Sewerage Services
Municipality of Tlokweng

Key Performance Indicators
(To be achieved by March 2009)

Key Performance Area	Current Baseline	Annual Performance Indicators	By End of March 2006
Key Performance Indicators (To be achieved by March 2009)			
Apply asset management techniques to ensure that appropriate levels of maintenance are applied to protect assets and to maximise their operating life	The average number of disruptions during the year ending March 2004 were: Nelspruit: • Water 88/mnth • Sewer 94/mnth Outside Nelspruit: • Water 105/mnth • Sewer 36/mnth	Implement and maintain a system to flag recurring maintenance problems and implement appropriate maintenance and/or renewal actions in respect of such problems. The number of disruptions shall be 10% less than the number recorded in the previous year.	Maintain a system to flag recurring maintenance problems and implement appropriate maintenance and/or renewal actions in respect of such problems. The number of disruptions shall be 10% less than the number recorded in the previous year.
Improved communication	To be seen as a company representing all the people	Submit proof to the Monitoring Office that manufacturers' recommended maintenance procedures have been undertaken on all electrical and mechanical equipment I have completed the baseline KAP survey	Submit proof to the Monitoring Office that manufacturers' recommended maintenance procedures have been undertaken on all electrical and mechanical equipment The annual KAP survey shows an improvement in customer knowledge, attitude and perception

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JAN GEORGE VAN NIEKERK

Kommissaris van die Ombudsman
Public Service Commission
P.O. Box 120
Pretoria 0001

Key Performance Indicators
(To be achieved by March 2009)

Annual Performance Indicator

Current Baseline

By End of March 2006

Making the service more affordable by providing restricted supplies with a roof tank, applying the revised tariff structure, applying a leak allowance system and providing choices in the form of supply obtained

Choices of options of supply advertised and system established to provide restricted supply with roof tank

The annual KAP survey shows an understanding by customers of the available choices

A formal leak allowance process has been established and advertised

The annual KAP survey shows an understanding by customers of the leak allowance process

30%

The number of formalised connections (metered and restricted) is at least 40% of the total number of households

The number of formalised connections (metered and restricted) is at least 50% of the total number of households

Apply strict sanctions to those who receive a consistent supply, legitimate bills and who can afford to pay

Achievement of payment levels in Section 6

Achievement of payment levels in Section 6

Encourage the payment of outstanding debts

Implement and advertise the "Fresh Start" initiative

Debts in excess of 90 days reduced to not more than R 25 million

Apply professional asset management techniques to ensure that renewals are targeted to give maximum value for money

Undertake renewals as identified in the capital works programme

Undertake renewals as identified in the capital works programme

Key Performance Area

Improved water mains and sewer renewal and maintenance programme

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JAN GEORGE VAN NIEKERK
Kommunikasie en Leëding
Pretoria, Johannesburg, Durban
KSA

Public Relations
Advertising Agency

Annual Performance Indicators
KSA

Key Performance Area	Key Performance Indicators (To be achieved by March 2009)	Current Baseline	By End of March 2005	By End of March 2006
	Generally promote the importance of appropriate sanitation facilities in respect of sound hygienic practices and safeguarding the health of all.		Implement and maintain relevant publicity programmes in respect of the linkage between sanitation, hygiene and health	Maintain relevant publicity programmes in respect of the linkage between sanitation, hygiene and health
	All stands in Nelspruit including Kaniagugu (unless development determines otherwise) to have access to a waterborne sewerage system linked to the treatment works.	96%	100% of stands in Nelspruit to have access	100% of stands in Nelspruit to have access
	All formal stands in Kanyamazane to have access to a waterborne sewerage system linked to the treatment works	5,890 out of 8,200 formal stands (95%) have access	At least 6,500 out of 8,200 (80%) formal stands and stands to be formalised to have access in Kanyamazane	At least 6,500 out of 8,200 (80%) formal stands and stands to be formalised to have access in Kanyamazane
3	97% of all formal stands in Matsulu to have access to a waterborne sewerage system linked to the treatment works	6,550 out of 8,800 formal stands (75%) have access	At least 6,800 out of 10,500 (65%) formal stands and stands to be formalised to have access in Matsulu	At least 6,800 out of 10,500 (65%) formal stands and stands to be formalised to have access in Matsulu
	Achieve legitimacy and relevance through accurate billing, being responsive to problems of the customer and assisting the customer to resolve their problems		Have completed the baseline KAP (Knowledge Attitude Perception) survey	The annual KAP survey shows an improvement in customer knowledge, attitude and perception
	Implementation of a customer engagement package aimed at providing a better, more reliable and responsive, locally driven service in all areas			

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Key Performance Indicators
(To be achieved by March 2009)

Key Performance Area

Reduce average consumption in Kanyamazane to 500 litres or less per household per day

Reduce average consumption in Matsulu to 600 litres or less per household per day

Ensure that all houses have access to a functioning basic sanitation facility by 2010

Provide project management services for the implementation of externally funded projects including technical and health, education and training in support of the programme

Basic level of sanitation is defined as a facility which is safe, reliable, private, protected from the weather and ventilated, keeps smells to the minimum, is easy to keep clean, minimises the risk of the spread of sanitation-related diseases by facilitating the appropriate control of disease carrying flies and pests, and enables safe and appropriate treatment and/or removal of human waste and wastewater in an environmentally sound manner as well as the communication of good sanitation, hygiene and related practices.

Current Baseline

700

750

By End of March 2005

Average consumption in Kanyamazane at 700 litres or less per household per day

Average consumption in Matsulu at 750 litres or less per household per day
Maximise the use of, and spend all, available funds

By End of March 2006

Average consumption in Kanyamazane at 625 litres or less per household per day

Average consumption in Matsulu at 700 litres or less per household per day
Maximise the use of, and spend all, available funds

Annual Performance Indicator: 100%

WDA

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JAN GEORGE VAN NIEKERK

Commissioner of the
Public Service Commission
Attorney General

Annual Performance Indicators

Key Performance Indicators
(To be achieved by March 2009)

Key Performance Area

Maximise the number of informal houses which have access to a basic water supply service on a regular basis	Current Baseline 11% of all houses cannot access a basic level of supply	By End of March 2005 Five Year Report updated as required in Supplementary Agreement No 2. Five Year Report shows commitment to increase the number of informal houses which receive a regular water supply service.	By End of March 2006 Five Year Report updated as required in Supplementary Agreement No 2. Five Year Report identifies most and shows increase in the number of informal houses which receive a regular water supply service and Concessionalre continues to show a commitment to further expand this service.
No customer to receive any level or standard of supply less than what they were receiving in November 2004 unless this was requested or applied as a sanction in terms of the credit control policy		List of customers receiving less than November 2004 level or standard with reasons	List of customers receiving less than November 2004 level or standard with reasons
Maintain unaccounted for water in Nelspruit at an average of not more than 15%	14%	UAW target of 15% averaged over the year but not exceeding 18% for any rolling three month period	UAW target of 15% averaged over the year but not exceeding 18% for any rolling three month period UAW at 55% or less
Reduce unaccounted for water in all areas outside Nelspruit to an overall average of not more than 35%	80%		UAW at 70% or less

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**Key Performance Indicators
(To be achieved by March 2009)**

JAN GEORGE VAN NIEKERK
Municipal and Performance Indicators
Public Service Commission Attorney

Annual Performance Indicators of the City of Johannesburg

Key Performance Area

	Annual Performance Indicators of the City of Johannesburg		
	Current Baseline	By End of March 2005	By End of March 2006
Number of households served by 24/7 water supply in:	Number of households served by 24/7 water supply in:	Number of households served by 24/7 water supply in:	Number of households served by 24/7 water supply in:
	- Kanyamazane 6,200 - Matsulu 2,270 - Tekwane 2,000 - Peri-Urban 0	- Kanyamazane 6,500 - Matsulu 2,500 - Tekwane 2,300 - Peri-Urban 0	- Kanyamazane 7,000¹ - Matsulu 4,500 - Tekwane 3,000² - Peri-Urban 1,000
			(1) Subject to formalisation of properties by Council (2) Subject to further RDP house development

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JAN GEORGE VAN NIEKERK
Administrator of the
Municipal Engineering Services
K.S.A.

ANNEXURE C: KEY PERFORMANCE INDICATORS (PERFORMANCE LEVELS) FOR THE FIVE YEAR PERIOD ENDING 31 OCTOBER 2009

This ANNEXURE C replaces clause 1 of Annexure B3 headed "Performance Levels" in the Concession Contract. It does not replace clauses 2 and 3 of the Annexure B3 which remain.

(Note: Where relevant, indicators are subject to the agreed funding being made available by the Council, Department of Water Affairs and Forestry, National Treasury and other sources)

Key Performance Area	Key Performance Indicators (To be achieved by March 2009)	Annual Performance Indicator	
		Current Baseline	By End of March 2005 By End of March 2006
1. Supply everyone with a sustainable water supply that is available 24 hours per day.	All formal stands and stands which are capable of being formalised to have at least a basic level of water supply available for 24 hours per day. Basic level of supply is defined as 25 litres of potable water per person per day supplied within 200 metres of a household and with a minimum flow of 10 litres per minute (in the case of communal water points) or 6 000 litres of potable water supplied per formal connection per month (in the case of yard or house connections) available for at least 350 days per year and not interrupted for more than 48 consecutive hours per incident as well as the communication of good water use, hygiene and related practices.		Completion of the projects indicated for the year in the capital works programme

