



## **CONCESSION AGREEMENT**

### **SUPPLEMENTARY AGREEMENT**

#### **No. 5**

entered into between

**CITY OF MBOMBELA**

**("the Council")**

and

**SILULUMANZI (RF) (PTY) LTD**

Registration No. 98/16432/07

**("the Concessionaire")**

**EFFECTIVE 1 JULY 2021**

AD. [Signature] [Signature] [Signature]

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## 1. INTRODUCTION

The parties record that:

- 1.1 the Nelspruit Transitional Local Council, a predecessor in law of the City of Mbombela (the Council), and the Greater Nelspruit Utility Company (Proprietary) Limited (Registration Number 98/16432/07) now Silulumanzi (RF) (Proprietary) Limited (the Concessionaire) concluded a concession contract in 1999;
- 1.2 as contemplated in clause 43.3.1 of the Concession Contract, the parties have in good faith renegotiated the base charge and basis on which the base charge should escalate for a five-year period commencing 1 July 2021;
- 1.3 the base charge and basis on which the charges are to escalate is agreed to with specific reference to the provisions of clause 43 of the Concession Contract; and
- 1.4 in addition to the contractual obligation of the Parties to renegotiate the base charge and determine the charge escalation formula, the Parties have also agreed to amend certain provisions of the Concession Contract regulating the procedure for determining the Concession Area.

## 2. INTERPRETATION AND PRELIMINARY

- 2.1 For ease of reference capitalised expressions used in this *Supplementary Agreement No 5* shall have the same meaning as expressions defined in the Concession Contract, unless expressly provided otherwise, and the following italicised terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely –



- 2.1.1 "*Capital Project Schedule*" means the schedule detailing the capital expenditure referred to in clauses 7.2 and 9 of this Supplementary Agreement No. 5 for each year of the SA 5 Period;
- 2.1.2 "*Concession Area*" shall have the meaning as set out in clause 11.2.2 below;
- 2.1.3 "*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, the Supplementary Agreement No 1 signed in August 2003, the Supplementary Agreement No 2 signed in June 2005, the Supplementary Agreement No 3 effective

November 2009, and the Supplementary Agreement No 4 effective November 2014;

- 2.1.4 "*SA 5 Effective Date*" means the effective date of this *Supplementary Agreement No. 5*, being 1 July 2021;
  - 2.1.5 "*SA 5 Period*" means the period 1 July 2021 to 30 June 2026;
  - 2.1.6 "*Spatial Development Framework*" means the Spatial Development Framework adopted by Council from time to time;
  - 2.1.7 "*Supplementary Agreement No 4*" means the supplementary agreement entered into and between the parties for the period commencing 1 November 2014, together with its annexures;
  - 2.1.8 "*Supplementary Agreement No 5*" means this agreement entered into between the parties, together with its annexures
  - 2.1.9 "*TEAS*" means the Council's Town Planning Electronic Approval System, or any replacement or substituted system which the Concessionaire has access to as service provider of the Council in the Concession Area for the purpose of assessing applications submitted to Council in terms of the City of Mbombela Spatial Planning and Land Use Management By-Law;
  - 2.1.10 "*Water and Sanitation Master Plan*" means the long-term planning document, prepared by the Concessionaire and submitted to Council, which provides a conceptual layout to guide the future growth and development of the Works, which includes analysis, recommendations, and proposals for a sites population, economy and land use within the Concession Area; and
  - 2.1.11 "*WCDM*" means water conservation and demand management and includes such activities, of a varying nature, aimed at conserving water and reducing consumer demand for water as well as water losses in the reticulation system.
- 2.2 All capital expenditure amounts are stated in rand and are stated as exclusive of value added tax (VAT).

### 3. SUSPENSIVE CONDITIONS

- 3.1 This *Supplementary Agreement No 5*, save for the provisions of clauses 1 (*Introduction*) and 2 (*Interpretation and Preliminary*) and this clause 3 (*Conditions Precedent*) which shall be of

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immediate force and effect, is subject to the fulfilment of the following suspensive conditions ("*Suspensive Conditions*"), namely -

- 3.1.1 The Concessionaire passing the necessary corporate resolution and furnishing Council with a certified copy of the resolution adopted by the board of directors of the Concessionaire authorising the conclusion of this *Supplementary Agreement No 5* and in terms whereof the relevant representative of the Concessionaire who signs and executes this *Supplementary Agreement No 5* for and on behalf of the Concessionaire is specifically authorised and empowered to do so;
- 3.1.2 Council furnishes the Concessionaire with a certified copy of the resolution adopted by Council approving the *Supplementary Agreement No 5* and authorising the municipal manager to sign this *Supplementary Agreement No 5* on behalf of the Council, in terms whereof the relevant representative of Council who signs and executes this *Supplementary Agreement No 5* is specifically authorised and empowered to do so.
- 3.2 Subject to 3.4, unless all of the *Suspensive Conditions* are fulfilled by no later than 30 (thirty) days after the date on which this *Supplementary Agreement No 5* has been signed by the party signing last in time or such later date as may be agreed between the Parties ("*SC Fulfilment Date*"), the remainder of this *Supplementary Agreement No 5* shall never become effective and no Party shall have any enforceable rights and/or obligations pursuant to this *Supplementary Agreement No 5*.
- 3.3 Should the *Suspensive Conditions* not timeously be fulfilled and provided that such non-fulfilment is not the result of any fault or negligent act or omission of the Concessionaire, then the Concessionaire shall be entitled, without prejudice to its other rights or remedies, to extend the date by which the suspensive conditions are to be fulfilled for a further period not exceeding 2 (two) months by delivering written notice to such effect to the Council.
- 3.4 The Parties agree to use their respective best endeavours to achieve the fulfilment of the above *Suspensive Conditions* and to keep one another informed from time to time on request as to the progress being made in the fulfilment thereof.

#### 4. SA 5 EFFECTIVE DATE

Notwithstanding the date of signature but subject to fulfilment of the suspensive conditions in clause 3 (*Suspensive Conditions*), the Parties agree that the *Concession Contract* be amended and supplemented as set out in this *Supplementary Agreement No 5* with effect from the SA 5 Effective

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*Date*, 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 5*.

## 5. PRELIMINARY MATTERS

### 5.1 Delay in SA 5

5.1.1 In terms of clause 43.3 of the *Concession Contract* the parties met to renegotiate the base charge and the basis of escalation at least 6 (six) months prior to the anniversary of the relevant charge adjustment date.

5.1.2 The Parties have, despite their best efforts, been unable to do so within the time period contemplated in clause 43.3 of the *Concession Contract* and agree to waive and abandon all and any claims they may have against each other arising out of or in connection with the delay in concluding the review process contemplated in clause 43.3 of the *Concession Contract*.

### 5.2 Charge Variance

Notwithstanding any variance between the charge and the tariff as contemplated in terms of clause 40 of the *Concession Contract* for the period 1 July 2019 to 30 June 2021 (the short fall period) the Concessionaire waives and abandons any claim it may have against Council arising out of such variance in the short fall period as contemplated in terms of clause 40.8 of the *Concession Contract*.

### 5.3 SA 4 Close out

Unless otherwise specifically provided in terms of this *Supplementary Agreement No 5* neither Party shall have any claim against the other for any loss, damage or liability arising out of or in connection with their respective obligations under and in the *Supplementary Agreement No 4*.

## 6. CHARGE REBASING

The parties agree to the following charge rebasing for the *SA5 Period*:

### 6.1 Base charges

From the *SA 5 Effective Date* the base charge shall be the tariff approved by Council on 31 May 2021 for the period commencing 1 July 2021 for water services in the *Concession Area*, as published in the Council's tariff schedule.

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## 6.2 Automatic annual escalation

The base charges in force shall escalate annually with effect from 1 July by a base charge factor of 4,89% plus the Annexure F2 escalation as set out in clause 43.1 of the *Concession Contract*, commencing 1 July 2022 and annually thereafter for the *SA5 Period*.

## 7. COUNCIL PAYMENT

### 7.1 Equitable Share Grant

7.1.1 Council agrees to allocate and transfer to the Concessionaire an amount of R40 million (forty million rand) per annum of its equitable share received in terms of the annually promulgated Division of Revenue Act with effect from 1 July 2021, to assist with subsidisation of delivery of services to the indigent in the concession area.

7.1.2 The annual equitable share referred to in 7.1.1 shall be paid in three equal instalments by the Council to the Concessionaire, commencing on 1 July 2021 and by no later than the 7<sup>th</sup> of July, December and March annually, the first of which shall be by no later than 7 July 2021.

7.1.3 The amount of equitable share due by Council shall escalate annually on 1 July for each year of the *SA 5 Period* by CPI.

7.1.4 Council undertakes, for purposes of ensuring payment to the Concessionaire in terms of this clause 7.1, to prioritise the equitable share payment to the Concessionaire.

### 7.2 Municipal Infrastructure Grant

7.2.1 Council agrees to ensure that R250 million (two hundred and fifty million rand) excluding value added tax (VAT) of the Council's Municipal Infrastructure Grant (MIG) received in terms of the annually promulgated Division of Revenue Act is exclusively designated, allocated and expended for water and sanitation services delivery municipal infrastructure in the Concession Area over the *SA5 Period*.

7.2.2 Council undertakes to ensure that the MIG contemplated in 7.2.1 is expended in terms of the MIG business plan as authorised by and on such terms and conditions as may be imposed by the relevant authority.

7.2.3 In the event that the parties agree in the *Capital Project Schedule* to co-fund a particular project from Council's MIG and the Concessionaire's new infrastructure capex referred to in item 4 of clause 9 below, then the jointly funded project shall

only proceed upon the execution of a service level agreement by and between the parties, and provided that Council's funding complies with the MIG funding conditions.

- 7.2.4 The MIG funding referred to in this clause 7.2.1 shall be expended in terms of the *Capital Project Schedule* and any relevant project conditions, implementation agency agreements and any undertakings in the *Capital Project Schedule*.

## 8. KEY PERFORMANCE INDICATORS

- 8.1 For purposes of this clause 8, the following terms shall have the meaning as described herein:

8.1.1 "Collection efficiency" means the ratio of total revenue realised to the total revenue billed during the same financial year. (Total cash collection divided total billed e.g. R8.00 collected out of R10.00 = 80% collection efficiency). This collection rate target excludes indigents receiving free basic water and non-residential consumers, including City of Mbombela

8.1.2 "Consumer Unit" means



8.1.2.1 an immovable property used for residential purposes with a designated erf number and demarcated as an indivisible separate property by the surveyor general, irrespective of the number of buildings on such property; or

8.1.2.2 in the peri urban areas (otherwise known as tribal land), any uniquely identifiable and / or fenced in and / or otherwise demarcated portion of immovable property used for residential purposes, irrespective of the number of buildings and / or family residing on such property; or

8.1.2.3 any unregistered piece of land in respect of which council has allocated a stand number; or

8.1.2.4 in respect of any land occupied without compliance with planning and/or building regulations and/or to which the occupants have no legal claim ("Informal settlement") which falls within a water services supply area.

8.1.3 "Flow restricting device" means a device that has the ability to limit the water volumetric flow rate per unit time e.g. litres per min and/or litres per day and/or litres per month;

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8.1.4 “Meter” means a measuring device which measures the volume of water passing through a particular conduit and for this purpose to a *consumer unit*;

8.1.5 “Non-revenue water” means the difference between the water system input volume and the sum of metered consumption, expressed as a percentage of the water system input volume.

8.2 Without derogating from the parties obligations in terms of the *Concession Contract*, the key performance indicators of the Concessionaire for the *SA5 Period* are:

No	KEY PERFORMANCE AREA	INDICATOR	TARGET
1	Metering and Billing	Increase number of consumer units with meters and receiving monthly invoices reflecting water consumed and amount due	10 000 over <i>SA5 Period</i>
2	Flow management	Increase number of consumer units with a flow restricting device to restrict the amount of water supplied to the consumer unit to the free basic water allowance in published Council Policy	10 000 over <i>SA5 Period</i>
3	Service levels	Increase number of consumer units with access to 24-hour water	16 200 over <i>SA 5 Period</i>
4	Non-revenue water (NRW)	Reduce % non-revenue water	10% over <i>SA5 Period</i>
5	Collection efficiency	Improve consumer unit revenue collection rates	1. Nzikasi South 50% collection rate over the SA 5 period 2. Matsulu 30% collection rate over the SA 5 period
6	Water borne sanitation	Increase number of consumer units with access to water-borne sanitation	2 500 over <i>SA 5 Period</i>

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No	KEY PERFORMANCE AREA	INDICATOR	TARGET
7	On-site sanitation	Empty existing on-site sanitation pit latrines and septic tanks	<ol style="list-style-type: none"> <li>1. Attend to on-site sanitation services delivery issues not exceeding R2 500 000 (two million five hundred thousand rand) per annum operational expenditure</li> <li>2. The first year operational budget allocation for on-site sanitation will include the cost of the undertaking the Feasibility study referred to in KPI 8 below.</li> </ol>
8	On-site sanitation study	Prepare a comprehensive survey of and feasibility to determine optimal solutions for on-site sanitation solutions in the concession area considering latest technology options appropriate for varying circumstances.	<ol style="list-style-type: none"> <li>1. Year 1 of SA 5 Period</li> <li>2. The feasibility study will conclude with a recommended plan and associated costed budget for on-site sanitation service delivery in the concession area to enable the process of Council determining funding and implementation options (excluding KPI7 delivery).</li> </ol>

8.3 Key performance indicator (KPI) 5 (Collection Efficiency): The collection efficiency rates referred to in KPI 5 shall be assessed by the Concessionaire after 12 (twelve) months of the *Effective Date* and if the COVID-19 pandemic has had an impact on the ability of the Concessionaire to achieve the collection efficiency rate target, then:

8.3.1 The Concessionaire shall, within 30 days of such assessment notify Council of such assessment, including but not limited to (a) the steps it took to mitigate the negative impact of COVID-19 on the collection efficiency rate; and (b) a proposed adjusted target relative to the demonstrated impact of COVID-19 on the collection efficiency rate ("Proposed Adjusted Rate"); and

8.3.2 The parties shall convene a meeting no later than 30 days of such notification to discuss and confirm the Proposed Adjusted Rate, for the collection efficiency targets.

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## 9. CONCESSIONAIRE CAPITAL EXPENDITURE

- 9.1 The Concessionaire agrees to ensure that R250 million (two hundred and fifty million rand) excluding value added tax (VAT) is exclusively designated, allocated and expended for capital expenditure in the concession area over the *SA5 Period*.
- 9.2 The Concessionaire undertakes to ensure that the capital expenditure contemplated in 9.1 is expended in terms of the *Capital Project Schedule* over the SA5 Period, and to achieve the key performance indicators in 8.2 above.
- 9.3 Concessionaire distinguishes the following types of capital expenditure:

CAPITAL EXPENDITURE for SA5 PERIOD			
No	Capital expenditure	Description	Amount (excl VAT)
1	Renewal Capex	means capital expenditure for the installation of improvements to existing infrastructure, acquisition and /or replacement of operational assets, systems, etc; and new infrastructure, refurbishments and replacements	R116 000 000.00 (one hundred and sixteen million rand)
2	WCDM Capex	means capital expenditure for the installation of new meters, flow restricting device creation of district meter zones and the regional pressure management flow/ restriction as well as reducing consumer demand by repairing internal household plumbing and the reduction of water losses of varying nature in the reticulation system	R76 000 000.00 (seventy-six million rand)
3	Faecal Sludge Management Capex	means capital expenditure in respect initiatives, including but not limited to upgrades to existing systems, the installation of new receiving stations and/or the acquisition of equipment required for the collection, transport, disposal and treatment of faecal sludge from pit latrines, septic tanks or any on site sanitation system	R6 000 000.00 (six million rand)
4	New Infrastructure Capex	means capital expenditure for new or immovable assets (as defined in ISO 55000) including upgrades to existing infrastructure for service delivery improvement. This infrastructure includes inter alia new water pipelines, new water service connections, new sewage service connections, new sewage reticulation and includes MIG project co-funding	R52 000 000.00 (fifty-two million rand)
	Total		R250 000 000 (two hundred and fifty million rand)

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## 10. EXTERNAL FUNDING

It is recorded that the Concessionaire intends to apply for external funding for purposes of funding its capital expenditure obligations referred to in clause 9 above. For the sake of certainty and the avoidance of doubt, it is recorded that, the repayments under any debt facility of the Concessionaire will not extend beyond the term of the *Concession Contract*, and accordingly Council's consent in terms of clause 57 of the *Concession Contract* is not required.

## 11. CONCESSION AREA

11.1 The Concession Area as at the SA5 Effective Date is attached as Annexure A;

11.2 The parties agree to the following amendments to the Concession Contract as follows:

11.2.1 Inclusion of the following new definitions to the clause 1.2 of the Concession Contract:

*"Spatial Development Framework" means the COUNCIL's Spatial Development Framework, adopted by COUNCIL from time to time;*

*"TEAS" means the COUNCIL's Town Planning Electronic Approval System, or any replacement or substituted system of the COUNCIL. which the CONCESSIONAIRE has access to as service provider of the COUNCIL in the concession area for the purpose of assessing applications submitted to COUNCIL;*

11.2.2 Clause 1.2.14 of the Concession Contract

The deletion of the definition of concession area in its entirety and the replacement thereof with the following:

*"concession area" means the area within the municipal boundaries of the COUNCIL depicted by the Spatial Development Framework, including any amendments thereto. These areas include all developed areas, expansion areas and new areas. which may be included therein from time to time in accordance with or, if the context is appropriate any one of them;*

11.2.3 Clause 1.2.35 of the Concession Contract:

By deletion of the definition of expansion area in its entirety and replacement thereof with the following:

*"expansion area" means any geographic area situated outside the developed areas but within the concession area identified and determined through the TEAS, which*

*is approved for the expansion of the supply of water services pursuant to the Spatial Development Framework in force at the time.*

11.2.4 Clause 1.2.54 of the Concession Contract:

By deletion of the definition of new area in its entirety and replacement thereof with the following:

*"new area" means any geographic area situated outside the Spatial Development Framework boundary and concession area, identified and determined through TEAS, which new area shall only be included in the concession area through specific application to and resolution of the Council approving such inclusion into the Concession Area.*

11.2.5 Clause 9.2.2.2 of the Concession Contract:

By the deletion of 9.2.2.2 in its entirety and replacement thereof with the following:

*"9.2.2.2 the supply of water services to new and/or expansion areas not already incorporated into and provided for in the current five-year plan at any relevant time will be addressed as follows:*

- (a) if it is in the expansion area and current Spatial Development Framework, and can be serviced from existing infrastructure in the Concession Area, and the application for water services is approved through TEAS, it is automatically included in the concession area and the concessionaire shall provide the water services;*
- (b) if it is a new area, outside of the concession area and the urban edge of the Spatial Development Framework, a motivation shall be submitted to Council, through TEAS, for inclusion of the new area in the Spatial Development Framework. If Council agrees in principle, the parties shall agree that the new area shall be incorporated into the Concession Area by means of the updated Spatial Development Framework. If Council does not agree, the Council shall remain responsible for water services delivery outside the Concession Area."*

11.3 Notwithstanding anything to the contrary contained in this clause 6 (Concession Area), it is recorded for the sake of certainty and the avoidance of doubt that the South Nsikazi Bulk Water Scheme shall not form part of the Concession Area.

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## 12. PLANNING FEES

- 12.1 As water services provider for the Concession Area, the Concessionaire shall comment on and/or approve Township establishment Application System (TEAS) and Building Application System (BAS) applications which may have a direct impact on water and sanitation services within the Concession Area.
- 12.2 The amount due to the Concessionaire for providing the agency service to Council will be calculated and reported on monthly by the Concessionaire.
- 12.3 The amount due to the Concessionaire shall be paid by the Council to the Concessionaire monthly in arrears commencing 31 July 2021.

## 13. BULK SERVICE CONTRIBUTIONS

- 13.1 In terms of chapter 7 of the Spatial Planning and Land Use Management Act No. 16 of 2013 (, developers are required to pay to Council a Bulk Service Contribution (which is calculated by the development demand multiplied by the Bulk Service Contribution Charge) to upgrade existing infrastructure to meet the water services requirements of such developers' proposed development, as calculated in terms of Annexure G to the *Concession Contract*.
- 13.2 Notwithstanding the obligations contemplated in terms of clause 13.10 of the *Concession Contract* read with Annexure G: Bulk Services Contribution Procedure of Supplementary Agreement No 4, Council has not utilised the Bulk Service Contributions paid to Council for the purposes referred to in 13.1 above and accordingly Council undertakes to:
- 13.2.1 Within 15 (fifteen) days of the *Effective Date*, replenish the Bulk Service Contributions paid to and used by Council for any purpose other than its intended purpose, up to and including the *Effective Date*; and
- 13.2.2 Forthwith, with effect from the *Effective Date*, transfer all future Bulk Service Contributions paid to Council to the dedicated ring-fenced account opened for this purpose. and then allocate such amount of the development charge as is relevant to the "Vote Number".

Bank:	ABSA
Account Name	NTLC/GNUC SERVICE
Account Number	9075681173
Branch	630552

- 13.3 Council indemnifies and agrees to pay the Concessionaire, all costs and / or damages which the Concessionaire may suffer in consequence of having to service and maintain the infrastructure and related plant and equipment consequent upon the Concessionaires inability to upgrade the infrastructure to meet the requirements of private developments directly due to the Council not complying with the obligation and undertakings in 13.2 above.
- 13.4 Notwithstanding anything to the contrary contained herein, the Concessionaire shall expend the Bulk Service Contributions received from Council and/ or developers in accordance with its implementation plan and the Capital Project Schedule.
- 13.5 If selected following due process, the Council shall appoint the Concessionaire on the agreed rates and agreed scope of works and undertake to pay the Concessionaire within 30 days of invoice for such work properly completed.

#### 14. COUNCIL COUNTER-PERFORMANCE

##### 14.1 By-laws, policies and procedures

- 14.1.1 Council will review its Water and Wastewater Services By-laws in consultation with the Concessionaire, by no later than 1 November annually, and undertakes to the extent necessary and applicable, subject to the Regulatory Provisions, to amend and / or promulgate such by-laws as are necessary to enable the Concessionaire to perform its obligations in terms of the *Concession Contract* and this *Supplementary Agreement No 5*.
- 14.1.2 Council will review its credit control, debt collection by-laws and related policies and procedures, in consultation with the Concessionaire by no later than 1 November annually and undertakes to the extent necessary and applicable, subject to Applicable Laws to amend and / or adopt such policies and procedures as are necessary to enable the Concessionaire to perform its obligations in terms of the *Concession Contract* and this *Supplementary Agreement No 5*.
- 14.1.3 Council will establish a Water Services Policy for its entire area of jurisdiction, including the Concession Area, as per the Council resolution dated June 2019 with regards to consumer payments for services.

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## 14.2 Enforcement

14.2.1 The Council undertakes to support implementation of policies and by-laws required to give effect to the *Concession Contract* by ensuring enforcement officers are available to undertake enforcement issues reserved by law for enforcement officers and directly related to implementation of the *Concession Contract*.

14.2.2 In this regard, the parties agree as follows:

14.2.2.1 Concessionaire shall request assistance in writing through the Council's concession monitoring unit, and in such request, provide a report indicating the assistance required;

14.2.2.2 the Council's concession monitoring unit shall liaise with the relevant authority to despatch an enforcement officer within 48 (forty-eight) hours of being requested to do so by the Concessionaire, or such shorter time period as may be necessitated by the exigency of the situation in respect of which such request has been made; and

14.2.2.3 The enforcement officer shall provide an activity report to the Council's concession monitoring unit, which the Council's concession monitoring unit shall provide to the Concessionaire.

## 14.3 Political support and cooperation

14.3.1 Council acknowledges that the performance by the Concessionaire of KPI's 1, 2 and 3 as set out in clause 8 are dependent on the cooperation of the consumers and the communities in which they live.

14.3.2 Council shall, with effect from signature of this *Supplementary Agreement No 5*, engage with all relevant politicians and other stakeholders to engage with the community within the Concession Area in an attempt to facilitate understanding and cooperation with the Concessionaire in the performance and execution of its obligations in terms of the *Concession Contract*, including but not limited to, the Regulatory Provisions.

## 14.4 Payment

The Council will effect payment due to the Concessionaire as set out in this agreement timeously.



## 15. AD HOC SERVICES

- 15.1 In certain circumstances, Council requests the Concessionaire to do certain things which are outside of the scope of the Concession Contract ("Ad Hoc Services").
- 15.2 If, in its absolute discretion and subject to supply chain management policy and procedures of Council, Council identifies the need for Ad Hoc Services from the Concessionaire, it shall scope and provide such request to the Concessionaire in writing.
- 15.3 The Concessionaire shall respond with a quotation based on the rates in ANNEXURE B: AD HOC CHARGES.
- 15.4 If selected following due process, the Council shall appoint the Concessionaire on the agreed rates and agreed scope of works and undertake to pay the Concessionaire within 30 days of invoice for such work properly completed.

## 16. GENERAL

- 16.1 This *Supplementary Agreement No 5* 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.
- 16.2 If there is any conflict or ambiguity between the provisions of this *Supplementary Agreement No 5* and the *Concession Contract* during the *SA5 Period*, the provisions of this *Supplementary Agreement No 5* shall prevail.
- 16.3 Save for the express amendments contained in the *Supplementary Agreement No 5*, 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:

01 | 09 | 2021  
Date

MBOMBELA  
Place

Witness

Signature  
FOR: CITY OF MBOMBELA

Date

7/2/2022

Place

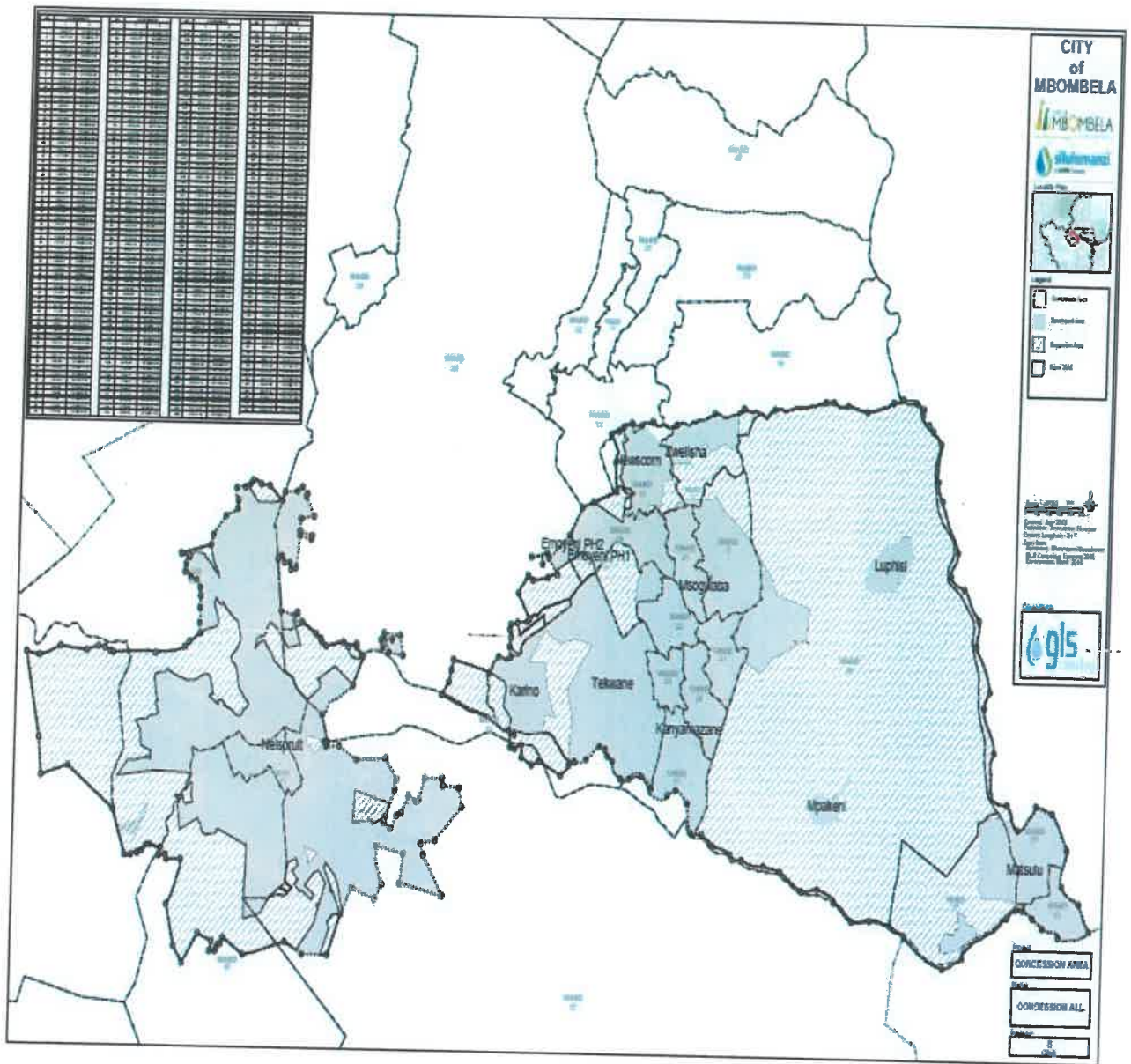
Mbombela

Witness

Signature

FOR: THE CONCESSIONAIRE

**ANNEXURE A: CONCESSION MAP AS AT THE EFFECTIVE DATE**



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**ANNEXURE B: AD HOC CHARGES FOR THE SA5 PERIOD**

Rates for additional work not part of Concession Agreement by Concessionaire			
No	Item	Unit	Rate
1	<b>Labour (L)</b>		
	Senior Manager, Engineer	R/h	R920.00
	Unit Manager, Engineer	R/h	R740.00
	Foreman	R/h	R600.00
	Fitter, Electrician, SCADA & Engineering Technician	R/h	R540.00
	Plumber	R/h	R420.00
	Plumber & Artisan Assistants	R/h	R220.00
	General Worker	R/h	R170.00
	General Worker	R/day	R1,360.00
	Process Controller - All Classes	R/h	R250.00
	Process Controller - All Classes	R/day	R2,000.00
	CLO - Internal Community Representative	R/h	R290.00
	CLO - External Community Representative	R/h	R100.00
	Admin Assistant	R/h	R240.00
2	<b>Plant (P)</b>	<b>Rate per Hour / Min 4 hours</b>	<b>Rate per Day / Max 9 hours</b>
	Excavator (20T)	R690.00	R6,210.00
	TLB (4x4)	R440.00	R3,960.00
	Tipper truck (6m <sup>3</sup> )	R490.00	R4,410.00
	Crane truck (5t Self Erecting)	R495.00	R4,455.00

Rates for additional work not part of Concession Agreement by Concessionaire

No	Item	Unit	Rate
	Jetting Machine (Small)	R275.00	R2,475.00
	Mobile Generator (100KVA)	R220.00	R1,980.00
	LDV	AA Rates	AA Rates
	Portable generator (7 KVA)	R220.00	R1,980.00
	Welding Machine (Petrol)	R220.00	R1,980.00
	Dewatering pump (50mm submersible)	R140.00	R1,260.00
	Potable Water tanker (5,000l)	R440.00	R3,960.00
	Potable Water tanker (10,000l)	R495.00	R4,455.00
<b>3</b>	<b>Parts and Consumables</b>		
	Cost plus	10%	10%
<b>4</b>	<b>Travel</b>		
	Sedan	R/km	AA Rates
	LDV	R/km	AA Rates
<b>5</b>	<b>Other</b>		
	External Service Provider	R/h	Cost + 10%

AD.     
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