



fleet management

Department of
Police, Roads and Transport
FREE STATE PROVINCE

SERVICE LEVEL AGREEMENT

FLEET MANAGEMENT

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SERVICE LEVEL AGREEMENT

between

Mantsopa Local Municipality ("Municipality")

herein represented by MR. SELBY MAHALERWA SELEPE
in his capacity as ACTING MUNICIPAL MANAGER
duly authorised thereto

and

Free State Government Motor Transport ("GMT")

herein represented by ADV. MAKHOSINI S MSIBI
in his capacity as HEAD : GOVERNMENT GARAGE ,
duly authorised thereto

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1. DEFINITIONS

- 1.1 **"Best Practice Principles"** shall mean the manner in which all matters relating to Government Motor Transport are dealt with, including the provisions of the relevant National Treasury regulations, the PFM Act, all requirements of the Auditor General and bearing in mind that although GMT is a trading entity, it is not a profit orientated entity and that tariffs and costs are structured on a cost recovery basis.
- 1.2 **"Donations"** means gifts in money or kind to the state regulated by the Treasury Regulations issued in terms of the PFMA 1999.
- 1.3 **"GMT"** shall mean Free State Government Motor Transport.
- 1.4 **"Official"** means a person in the employ of a department or constitutional institution.
- 1.5 **"Said person"** means all persons who are, or were, in the employ of the State and, notwithstanding the above, also persons who on a full-time basis render/rendered voluntary services to the State or who hold honorary appointments or any others who are/were compelled by law or a court order to render services to/on behalf of the State (this includes persons who render/rendered services in terms of a contract and the use of government motor transport by the contractor is made applicable).
- 1.6 **"Other persons"** means any natural person or legal person with the exception of a "said person".
- 1.7 **"State Attorney"** means the State Attorney or any other person in charge of an office of the State Attorney or employed in said office in accordance with the provisions of the State Attorneys Act, 1975 (Act 56 of 1975). This includes any "correspondents/private attorneys" and advocates appointed to act on behalf of the State Attorney.
- 1.8 **"Claim"** means a lawsuit, action, interdict, arbitration, inquest or dispute and also includes an intended lawsuit, action, arbitration, inquest or dispute.
- 1.9 **"Losses"** means any material loss or damage or prejudice to the State or a said person and, without derogating from or limiting the concept, also shortages, damages, fruitless or wasteful expenditure and compensations.
- 1.10 **"Debt"** shall mean an amount owing to the State and/or GMT.
- 1.11 **"Act"** means the Public Finance Management Act (Act 1 of 1999), as amended.

- 1.12 **"GG vehicles"** means "General Hire vehicle" and "Permanently allocated vehicle".
- 1.13 **"General Hire vehicle"** means a general hire vehicle allocated to a department by GMT to be used as a temporary/relief vehicle.
- 1.14 **"Permanently allocated vehicle"** means a vehicle initially purchased on behalf of the GMT and then allocated to the Municipality for the duration of this agreement in accordance with the contractual obligations as set out in the GMT finance lease and GMT operating lease.

- 1.21 **"Yellow Fleet"** shall mean all construction and road building vehicles, plant and equipment that may be supplied by GMT to the Municipality in terms of this agreement.
- 1.22 **"MVA"** shall mean the Motor Vehicle Accident Fund established in terms of the Motor Vehicle Accident Fund Act, 1986 (Act No. 84 of 1986).
- 1.23 **"MFMA"** shall mean the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

2. INTERPRETATION

2.1 In this service level agreement –

- 2.1.1. clause headings are merely for sake of convenience and shall not be used in interpretation.
- 2.1.2 words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include females.

2.2 RECORDAL

The Local Municipality is experiencing fleet management challenges that are affecting service delivery. This is illustrated by the following list of identified areas that require immediate improvement:

- Lack of effective and efficient Fleet Management System
- Lack of specialist skills within the municipality to conduct effective and efficient repairs and maintenance of the fleet;
- Replacement of old fleet;
- Vehicle abuse;
- Budget Constraints
- Lack of efficient and competitive resources and structures to manage:
 - Dispatch and tracking of the fleet;
 - Administration of the fleet;
 - Administration of drivers;
 - Administration of service level agreements;
 - Administration of the workshop;
 - Controlling vehicle downtime;
 - Optimizing the use of the fleet.

The Municipality approached the Free State Government Motor Transport unit of the Department of Police, Roads and Transport for the lease of motor vehicles as well as certain Yellow Fleet vehicles, plant etc. and additional vehicles as and when the need arise. The disposal

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of the obsolete fleet of the Municipality will result in the replacement by virtue of this agreement of the number of vehicles and/or equipment so disposed. GMT is willing to accede to the request of the Municipality. The Parties hereby agree to regulate their relationship based on the terms and conditions contained herein.

3. YELLOW FLEET

This agreement will govern the availing of Yellow Fleet units to the Municipality, subject to the following:

- 3.1 Yellow Fleet units will at this stage not be provided on a "permanently allocated vehicle" basis, but on a basis of request when needed, subject to the availability thereof in the GMT fleet.
- 3.2 The Municipality will pay rates approved by Provincial Treasury.
- 3.3 The rental of Yellow Fleet items will be governed by the provisions of this agreement as well as the "Fleet Management – Conditions for Non-Departmental Service Delivery" and in the event of any inconsistency or conflict of the provisions of the respective documents, the provisions of the said Fleet Management Conditions will prevail.
- 3.4 GMT cannot warrant that relief vehicles or plant will always be available when requested.
- 3.5 The parties record that it is envisaged that GMT will in due course be able to offer Yellow Fleet units on a "permanently allocated equipment" in which case such units will be included in this agreement with the necessary amendments or, alternatively, covered by a new agreement.

4. OWNERSHIP

Notwithstanding the delivery of the vehicles by GMT to the Municipality and the subsequent possession thereof by the Municipality, ownership of the vehicles shall remain vested in GMT at all times. Upon expiry or cancellation of this agreement the vehicles will be restored to GMT in the same condition as received initially on delivery, fair wear and tear excluded.

5. INDEMNITY

- 5.1 The Municipality hereby indemnifies GMT, the Department of Police, Roads and Transport and the Free State Provincial Government, its representatives and officials against any liability in respect of injury to persons or damage to property arising out of the possession/use of the vehicle by the Municipality during

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the currency of this agreement, unless caused by negligence of the GMT, or any of the aforesaid persons.

6. NON-BREACH CANCELLATION

- 6.1 Notwithstanding the clause "duration" herein, either party is entitled to cancel this service level agreement by serving a three-month written notice to that effect on the other party.
- 6.2 In the event of a cancellation in terms of sub-clause 6.1, the Municipality shall return the vehicle(s) to GMT, immediately upon expiry of the said notice period, in the same condition it was on delivery, fair wear and tear excluded.

7. BREACH

- 7.1 In the event of a party ("the defaulting party") breaching any of its obligations set out in this service level agreement Provincial Treasury will have to be informed of the breach within thirty (30) days of such breach.
- 7.2 Provincial Treasury will act as mediator in the dispute resolution process and should it not be resolved, the Dispute Resolution Process set out in terms of the Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005) shall, with the necessary changes in relation to the context, be followed.
- 7.3 The following special remedy is however available to the Municipality in relation to vehicles as separately agreed to between the parties and upon such conditions as set out in that agreement, which agreement shall form an Addendum to this Agreement.
- 7.4 In cases of ordinary regular services to vehicles, this special relief will only be available to the Municipality if prior appointment was made to bring the vehicle in and the necessary written arrangements were made with GMT.
- 7.5 For purposes hereof, a business day will be any day excluding Saturdays, Sundays and RSA Public Holidays. "Three full consecutive business days" shall be calculated by exclusion of the dates of delivery and return and shall be deemed to be consecutive even if there is a non-business day between them. In the latter case, the Municipality will be entitled to recover the rental for the non-business days also from GMT if it is impractical to return and re-hire the vehicle before and after the non-business day.

- 7.6 This sub-clause will not derogate from any rights which the Parties may have in terms of other provisions of this Agreement.

8. USAGE

- 8.1 The vehicle fleet assigned to the Municipality will only be used with official trip authority of the Municipality in strict compliance with the relevant acts and this agreement.
- 8.2 The Municipality will manage the utilization of the vehicle.
- 8.3 The vehicle will be used primarily for official duties. The vehicle will be used only in the RSA unless specifically authorized by the Municipal Manager or in the case of life threatening or other cases of serious risk to persons or goods or in case of security necessity. In such cases the vehicle will however be at the sole risk of the Municipality.
- 8.4 The Municipality will ensure that only duly licensed and authorized drivers use the vehicle.
- 8.5 It is the responsibility of the Municipality to ensure that all permanently allocated vehicles are roadworthy and properly licensed. GMT is responsible to pay all licenses, but the Municipality should always ensure that the vehicles in use are roadworthy and if any repairs are required to render it roadworthy, GMT will be responsible therefore.
- 8.6 All fines will be for the specific account of the Municipality.

9. SCOPE OF SERVICES

- 9.1 Both the Municipality and GMT have roles and responsibilities in terms of the services that are to be delivered as provided for in this Agreement.
- 9.2 This agreement regulates the provision, replacement, maintenance and repairs, fleet losses, alienation and management of the fleet and also activities undertaken by the Municipality and GMT that affects (or may affect) the physical environment in the rendering of the services as agreed upon.

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10. GMT AND MUNICIPALITY'S ROLE AND RESPONSIBILITIES

FLEET FINANCE

10.1 Submission of Kilometer Readings (Permanently allocated vehicles)

10.1.1 The Municipality is not required to submit log sheets to GMT. The Municipality should keep log sheets for their own control and audit purposes.

10.1.2 The Municipality's Transport Control Officer should ensure that log sheets are completed correctly and that all kilometers traveled by the vehicles are accurately recorded.

10.1.3 The Municipality will be charged based on the kilometer readings provided by the Municipality and, in lieu thereof, from information extracted by GMT from the Wes bank First Auto Records and E-Fuel records.

10.1.4 The Municipality will at all times, whenever practically possible, only fill up at filling stations with E Fuel technology in use and whenever such technology is not available in Bloemfontein, GMT will arrange that "Gap Site" facilities are provided for.

10.1.5 In instances where there are problems relating to the E-Fuel system not agreeing to the odometer readings or if the E-Fuel system on a specific vehicle does not operate effectively, GMT will send inspectors to obtain the correct kilometer readings and to ensure the matter receives immediate attention. The Municipality must co-operate in this regard.

10.1.6 The Municipality must ensure that all Government Garage vehicles are filled up with fuel during the last week of every month. This will assist the GMT with regard to its month and year closure. Should the Municipality not comply timeously with this requirement, the GMT will charge the Municipality at the tariffs then in use when the required information (kilometers traveled/days used) is received which may imply an increased rate in certain cases. All Government Garage vehicles must be filled up with fuel of the volume in the fuel tanks.

10.2 Submission of Kilometer Readings (General hire vehicles)

The Municipality as well as the transport office at the Government Garage will be responsible for the completion of the General Hire invoice – odometer readings (opening as well as closing) as well as the date (date that vehicle was taken as well as date when vehicle was returned).

10.3 **Non-payment of claims/invoices:**

10.3.1 The maximum time, in line with the MFMA, allowed for payment of a claim to be outstanding is 30 days from the date on which the Municipality receives the claim.

10.3.2 Should payment not be received in the stipulated time periods as indicated in this Service Level Agreement, GMT will inform Treasury of the matter and Treasury will act as mediator (refer clause 7).

10.3.3 The Municipality will be held responsible for the additional costs flowing from a breach of contract in instances where they are the defaulting party. GMT will be responsible for costs where GMT is the defaulting party.

10.4 **Accounts**

10.4.1 An invoice parcel may consist of the following types of claims:

- (1) Kilometers traveled;
- (2) Daily Tariffs;
- (3) Recoverable Costs;
- (4) Accidents and Losses (instances where the driver of the vehicle forfeit his/her State Coverage);
- (5) Fleet- and Bank card Fraud;
- (6) Private hired vehicles on request of the Municipality;
- (7) Third Party claims;
- (8) Capital costs involved in the replacement of vehicles before the end of the selected term of use; and

10.4.2 GMT shall have the invoice parcel ready for delivery by the end of the second week of the following month.

10.4.3 An invoice parcel consists of the following documents:

- (1) Cover letter;
- (2) Invoice (current claim(s) for the month/day);
- (3) Statement (include all unpaid claims already received by the Municipality);
- (4) Remittance advice;
- (5) All necessary supporting and other documentation pertaining to that particular claim;
- (6) In the case of a kilometer and daily tariff claim an additional remittance advice for kilometers and daily tariffs as well as a log sheet coversheet will be included for easy reference.

10.4.4 GMT undertakes to have the claims hand-delivered or couriered to the Municipality.

10.5 Tariffs (daily and kilometer tariff)

By paying the applicable day tariff as well as the kilometer tariff Government Motor Transport is able to render a fleet management service to all national and provincial departments as well as Local Government. As the income of the GMT funds is generated from the charging of the day tariff and kilometer tariff, GMT is, in terms of National Treasury Regulations (19.5.3), forced to review the tariffs at least on an annual basis. The tariff charged to the Municipality will at all times be on standard tariff scales applicable to other government departments.

10.6 Payment of claims

10.6.1 The Municipality must pay all claims within 30 days from the receipt of an invoice by GMT.

10.6.2 Should there be any problems relating to a claim, the matter must be taken up immediately with the delegated claim contact person within GMT.

10.6.3 Once a payment has been generated, GMT must be informed of the payment. This can be either sent via post or faxed to GMT (fax number (051) 448 1737).

10.6.4 Payment of claims should be made to the following bank account:

STANDARD BANK
FSPG: FLEET MANAGEMENT
CHEQUE ACCOUNT NO. 240-321-847
BRANCH CODE: 0555-3400

10.6.5 Full details of the payment made must be forwarded to GMT in order to allocate the payment correctly.

10.6.6 Full payment: In the case of one claim/invoice being paid in full the claim number must be stated.

10.6.7 If more than one claim is being paid in full (global amount in payment advice), all claim numbers and amounts must be stated.

10.6.8 Should the Municipality not agree with the details as stated on the monthly claim/invoice, the Municipality has the following two options:

(1) Part payment: Should only part of a claim/invoice be paid, the claim number and amount must be stated and a

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valid reason of non-payment of the other portion must be provided in writing.

- (2) Full payment: The Municipality can pay the claim/invoice in full and inform the GMT in writing of the areas on the claim/invoice where they are not in agreement with GMT. GMT undertakes to pass the necessary credit notes against the Municipality's account, should the account be found to be incorrect.

10.6.9 Should more than one claim be paid and not all the claims be paid in full then each claim number must be stated with the exact amounts paid for that particular claim numbers and a valid reason of non-payment for the unpaid portions be provided.

10.7 **Unpaid claims documentation**

10.7.1 Should any of the documentation not be for the Municipality, it must be returned to GMT within 30 days of receipt of the invoice. An official letter with a full explanation as to why the claim will not be met must accompany the unpaid documentation.

10.7.2 Should the Municipality require reports for management purposes of vehicles that are not allocated to the Municipality and/or no longer stationed at a particular Municipality code, full details (where the vehicle is currently stationed, what time periods are involved, beginning and end dates, documented proof that a vehicle has been moved/withdrawn/sold) must be provided in writing to GMT. This has to be complied with in order to have the vehicle's allocation corrected on the Fleet Management System and to consequently have the Municipality's account credited with the incorrectly claimed amount. These actions will only be carried out if the proper information is provided in writing.

FLEET MANAGEMENT

10.8 **Signage**

10.8.1 The Municipality reserves the right to display its various decals on vehicles. This will be in the format of signage on the two front doors and bonnet, in case of normal vehicles, and as per normal practice for emergency, safety and other similar vehicles: Provided that applications to deviate must be approved by the Head of the Department of Police, Roads and Transport.

10.8.2 In the case of traffic vehicles and ambulances the Municipality will be allowed to display their additional signage and in a manner, with specific regards to positioning, as agreed upon.

10.8.3 The cost of the signage will, as per this agreement, be treated as a recoverable cost.

10.8.4 Costs incurred to ensure compliance with the signage provisions and requirements will be recovered.

10.9 **Maintenance**

10.9.1 GMT undertakes to maintain the vehicles in accordance with the manufacturer's specifications, which costs are for the account of GMT - the Municipality will contribute towards the cost by way of paying the kilometer tariff.

10.9.2 The Municipality shall at all relevant times ensure that the vehicles are looked after, and shall particularly ensure that the vehicles are kept clean, that they are maintained with sufficient water, oil and fuel and that the tyres are properly maintained in accordance with the manufacturer's specifications, which costs are for the account of the GMT: Provided that with regards to usage of car wash facilities, the Municipality is limited to one wash per month and one valet per year.

10.9.3 The Municipality undertakes to ensure that the GMT is timeously informed of vehicles that are due for their scheduled service at the merchant and the Municipality furthermore undertakes to carry all consequential costs for vehicles that have not been maintained according to the manufacturer's guidelines, due to negligence by the Municipality's transport officers.

10.9.4 All vehicles provided in terms hereof must be brought to GMT's Bloemfontein office for repairs.

10.10 **Transaction Advisor**

It is recorded that the Municipality has opted not to appoint any party as its contract manager and agent for the implementation of this agreement and GMT.

10.11 **Vehicle repairs**

10.11.1 This sub-clause refers to repairs to vehicles other than normal maintenance and other running repairs.

10.11.2 All repairs of GG vehicles will only be done with the necessary authorization of GMT. With regards to quotations for accidents, damage and losses clause 11.23 of this agreement shall apply.

10.11.3 GMT agrees that full repairs, when undertaken, will include the replacement of the applicable sign-writing/decals, star bar and warning lights (if applicable).

10.11.4 GMT shall only be responsible for vehicle repair costs/replacement to a maximum of R250 000.00 per case on condition that the relevant official did not forfeit his/her state cover in accordance with the application of Treasury Regulation 12.

10.11.5 GMT will be responsible for costs incurred in instances where the official did not forfeit his/her State Coverage or the cover provided by the Municipal Insurance Policy. In instances where the official forfeits his/her State Coverage or Insurance Policy cover, the costs will be paid by GMT and recovered from the Municipality.

10.12 **Traffic violations**

10.12.1 GMT shall not be liable for the payment of traffic violations.

10.12.2 In instances where summons is served on the proxy of GMT due to non-payment of the traffic violation – GMT will furnish the details of the relevant "Transport Officer" according to ADM (Asset and Debtor Management System) and return the original to the relevant Municipal Authority.

10.12.3 If the Municipality does not pay the fine and the GMT has to pay in order to cover the proxy of GMT, such costs will be recovered from the Municipality.

10.12.4 With regard to traffic violations issued in terms of "unroadworthy vehicles" GMT would not be held liable except insofar as the unroadworthiness was caused by GMT's employees, contractors or agents. Refer to paragraph 10.9.

10.12.5 The driver of a GG vehicle and/or Transport Officer must at all times ensure that the vehicle(s) is visibly in a roadworthy condition.

10.13 **Registration and licensing of vehicles**

10.13.1 GMT will do the registration and licensing of all vehicles, which includes the yearly renewal of the license. These documents may be collected from GMT or posted to the Municipality.

10.13.2 Both the costs contemplated in 10.13.1 are included in the running-cost tariff and as such are borne by GMT.

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- 10.13.3 In the case of vehicles that require a Certificate of Fitness ("COF") 6 monthly – the Municipality would be obligated to request authorization from GMT one month in advance of the COF expiry date to have the vehicle roadworthy. Only after the receipt of the roadworthy certificate by GMT can an application for the renewal of the license be made with the local registration authority. For this purpose, the Municipality should in good time arrange that the vehicle is tested and repaired by GMT where necessary.
- 10.13.4 Requests for a FS provincial number plate must be made in writing (to enable GMT to put forward the submission to the relevant authority for consideration).
- 10.13.5 Theft or the loss of a number plate(s) would be treated as a "loss" – the procedures to follow are described in clause 11.23.
- 10.13.6 In the event of vehicle theft or hi-jacking – GMT needs to be informed in writing immediately after the matter was reported to the SAPS.
- 10.14 **Petrol and maintenance cards**
- 10.14.1 All vehicles will be fitted with E Fuel technology, but it is recognized that in certain instances petrol and maintenance cards may be required. In those cases a written application with a full motivation must be submitted by the Municipality.
- 10.14.2 On receipt of the "petrol and maintenance card" the Municipality shall be liable for any unauthorized transactions and fraud.
- 10.14.3 In the event that the "petrol card" is stolen or lost, the matter needs to be reported to the SAPS and GMT (in writing) immediately. The agreement with the service provider, Wesbank, states that the state shall be indemnified from any loss due to unauthorized transactions and/or fraud as from the date it was reported to Wesbank.
- 10.15 **Donated vehicles and Take-in vehicles**
- 10.15.1 In such cases where the Municipality wishes GMT to also manage vehicles which were or may be donated by outside parties to the Municipality or where the Municipality wishes GMT to manage the Municipality's existing fleet, GMT will reserve the right to accept or decline the incorporation of the donated or existing vehicle into the fleet. In the event that the vehicle is accepted, after an inspection in loco of the fleet, it will be incorporated as follows:

- (a) Such vehicles will remain the property of the Municipality and as GMT thus made no capital layout to acquire the vehicles, there will be no element of capital cost recovery built into any of the charges to the Municipality.
- (b) GMT may, whenever it deems that one of these vehicles can no longer be operated economically at the standard Kilometer Tariff, withdraw such vehicle from the scheme. In such case it can, at the election of the Municipality, be returned to the Municipality or sold by GMT as part of GMT's normal asset disposal program. In the latter case, the proceeds, less auction and related costs, will be paid to the Municipality's designated bank account upon receipt thereof by GMT.

10.16 **Replacement vehicles**

10.16.1 Vehicles can only be purchased from the RT57 state contract in terms of the requirements of this contract – excluding vehicles marked "for subsidized use only".

10.16.2 The Municipality signs the Service Level Agreement and commit to the payment of the monthly daily and kilometer tariff over the agreed life span – to generate the replacement cost of the vehicle. In the event that the vehicle is prematurely withdrawn from service, i.e.

- completed excessive official kilometers in ratio to the norm of a set life span,
- the vehicle is stolen (and the official forfeit his/her state coverage);
- uneconomical to repair due to an accident (and the official forfeit his/her state coverage);
- or neglected,

GMT reserves the right to recover any "loss of income" from the Municipality. "Loss of income" shall mean the actual loss of GMT due to the fact that the cost of the vehicle could not be recovered by GMT through the agreed daily tariff which was designed to cover the purchase price over the agreed period.

10.16.3 In the event that the "excessive official kilometers traveled" in ratio to the norm of a set life span occur, GMT reserves the right to decide whether to withdrawn the vehicle or to inform the Municipality to continue utilizing the vehicle: Provided that the Municipality will be required to make a monetary contribution of the capital amount that GMT did not yet recover from the Municipality through daily tariffs.

10.16.4 The Municipality needs to inform GMT four months in advance (of the projected completion date of the term and/or kilometers) – as to whether a “replacement vehicle” would be required. As these vehicles might also be fitted with additional equipment (i.e. long distance petrol tanks, canopy, towbar, bulbar, rollbar, radio/tape, gearlock etc.) – GMT needs to know what “extras” the replacement vehicle would require.

10.16.5 The option also exist for the Municipality to upgrade, from, for example, a less expensive 1600 cc sedan (i.e. Mazda Sting) to a more expensive 1600 cc sedan i.e. Toyota Corolla). The Municipality would be requested to pay in the difference on the daily tariff between the current vehicle and the purchase price of the more expensive vehicle. The same methodology would be practiced to “buy-up” from a 1600 cc sedan to an 1800 cc sedan or a 4x4 etc. Take into account that the Municipality would also have to pay the higher daily and kilometer tariffs for the newly acquired vehicle over the term. In any of these circumstances, the parties must record in writing and agree all details regarding the vehicle and changed tariff, period of payment etc.

10.17 **Additional vehicles (excluding replacement and donated vehicles)**

10.17.1 Vehicles can only be purchased from the RT57 state contract – excluding vehicles marked “for subsidized use only”.

10.17.2 All requests for the purchase of a GG vehicle is to be forwarded by the Municipality to GMT – as prescribed and indicating whether sufficient funds are available.

10.17.3 The Municipality is to indicate whether non-factory fitted extras (i.e. towbar, rollbar, bulbar, radio/tape, gearlock etc.) is required.

10.18 **Increased Capital Cost: Fitment of vehicle equipment (after delivery of the vehicle to GMT)**

10.18.1 Authorization needs to be obtained from GTM before additional vehicle equipment can be fitted to a vehicle already in service. When the vehicle is withdrawn from service, the additional equipment can be carried over to the replacement vehicle (bearing in mind that it is of the same make and model).

10.18.2 The Municipality has the option to pay for the extra once-off – handled as “recoverable cost”, or

10.18.3 GMT can add the value of the “extras” to the purchase price of the vehicle – the Municipality repays the ‘extras’ over the term.

10.19 **Specialized vehicles**

- 10.19.1 The Municipality will retain the right to design the "specialized vehicle" (i.e. ambulance, traffic vehicle, 50-seater bus, water-tanker etc) according to accepted specifications, provided that the Tender Board directives and Act have been adhered to (also see "replacement vehicles" (11.16) and "increased capital cost/extras (11.18).
- 10.19.2 The Municipality signs the Service Level Agreement and commit to the payment of the monthly charge (day and kilometer tariff) over the agreed life span to generate the replacement cost and running costs of the vehicle. In the event that the vehicle is prematurely withdraw from service, i.e. completed excessive official kilometers in ratio to the norm of a set life span, the vehicle is stolen (and the official forfeit his/her state coverage), uneconomically to repair due to the accident (and the official forfeit his/her state coverage) or neglected, GMT reserves the right to recover any "loss of income" (with the same meaning as in 11.16) from the Municipality.
- 10.19.3 In the event that the "excessive official kilometers traveled" in ratio to the norm of a set life span occur, GMT reserves the right to decide whether to withdrawn the vehicle or to inform the Municipality to continue utilizing the vehicle.
- 10.19.4 The Municipality needs to inform GMT six months in advance (of the projected completion date of the life span and/or kilometers) as to whether a "replacement vehicle" would be required.

10.20 **Towing charges**

- 10.20.1 Authorization for towing must be obtained from First Auto.
- 10.20.2 The Municipality can be held liable for any/all "storage and related costs" in the event that a vehicle was towed unauthorized or to the holding area of a non-Wesbank merchant.

10.21 **Disposals**

- 10.21.1 Disposals will be done in accordance with Treasury Regulation 16A7.1. The disposal will be done through a sell by tender or an auction or any other way that would result in the most advantageous result for the Government. It is thus understood that the Municipality will not automatically become the owner for zero or nominal consideration.

- 10.21.2 Vehicles earmarked to be withdrawn from service are to be handed in at the nearest GMT (Bloemfontein). In the case of accident-damaged vehicles, arrangements need to be made with GMT to have these vehicles towed-in to GMT at GMT's cost.

FLEET RISK MANAGEMENT

10.22 Self managed risk fund

- 10.22.1 State-owned vehicles (GMT Fleet) are not insured by insurance companies, as the State carries its own accident risks and accepts liability for any expenditure arising from claims instituted by third parties whom would ordinarily be payable by an insurer, including damage to state-owned vehicles.
- 10.22.2 Unless a person forfeit his state cover, the losses in respect of accidents, damage, deficiencies as a result of major and other inevitable causes, and thefts are being covered by the income derived from the daily tariff claims.
- 10.22.3 "Kilometer tariff" covers the petrol, oil, services, repairs and maintenance of the vehicles.
- 10.22.4 GMT will institute additional claims against the Municipality in all claims where a person forfeits his state cover in terms of Treasury Regulation 12.
- 10.22.5 In an effort to address the risk associated with the vehicles being stolen, GMT may ensure that all newly acquired vehicles have equipment to guard against such risks, such as immobilizers, gear-locks, etc.
- 10.22.6 The Municipality will ensure that all vehicles currently in their use will be at the very least be fitted with a security system e.g. gear lock, alarm or immobilizer.

10.23 GMT's role as "fund administrator"/insurer

- 10.23.1 GMT will record and manage these losses, including claims against the State, on behalf of the Municipality in a professional and cost effective manner.
- 10.23.2 To deliver an effective service GMT required that the following reporting system be strictly adhered to:

(a) Reporting of accidents (incidents where there is 3rd party claims and other)

- (i) The Municipality must ensure that the responsible driver reports the incident to the SAPS within 24 hours, and then have the driver complete the Z181 Accident report form and have him/her attach the necessary supporting documentation.
- (ii) The Municipality must ensure that the incident is reported by the responsible driver to the Legal Claims Section within 48 hours. Non-compliance to this requirement could lead to the incident not being covered by the provision for losses that GMT has in place, and could lead to the Municipality paying the total cost relating to the repair of the damages, regardless of whether the driver forfeit his/her state coverage.
- (iii) In instances where the driver is unavailable to complete the Z181 Accident Report Form, due to the fact that he/she is hospitalized, the incident should be reported by the TO the Legal Claims Section at the GMT as well as the fact why the driver cannot complete the necessary forms. The driver should complete the Z181 Accident Report at the earliest convenience.
- (iv) The Municipality must send the original Z181 Accident Report form and all supporting documentation, as prescribed by GMT, to GMT (marked for the attention of the Supervisor: Legal Claims Section). A copy of the Z181 Accident Report and supporting documents must be filed by the local TO and/or as directed by the Municipal Manager of the Municipality.
- (v) GMT will, on receipt of the incident documentation, register the case in the Loss Control system, and send an "acknowledgement of receipt" to the Municipality with the GMT case reference number.
- (vi) In terms of Treasury Practice Notes of September 2005, a driver that has been involved in an incident may not be permitted to drive a government vehicle until such time as the case has been finalized. It is therefore in the interest of all parties involved that the incidents be reported as soon as possible.

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- (vii) The Municipal Manager may decide not to issue a vehicle to a driver that was involved in an accident.
 - (viii) Drivers from the Municipality that have been involved in two incidents within one year, will be required to attend an driving course and will have to submit the certificate to GMT before he/she may again be permitted to drive a government vehicle.
- (b) Reporting of "3rd party claims against the state"
(in respect of damage to the 3rd party vehicle and/or property)
- (i) On receipt of the claim letter and/or summons from the claimant /broker/insurer/attorney, by the driver of the government vehicle, the Municipality must forward the matter immediately to GMT.
 - (ii) If the Municipality to the claimant acknowledges receipt of the claim, it must be stated clearly in the letter of acknowledgement that it is being done without prejudice and that the claim is receiving attention. The letter must contain no statement of admission that could possibly prejudice the State's case.
 - (iii) A copy of the acknowledgement letter must be forwarded to GMT, along with the claim letter and quantum (quotations and tax invoices), in motivation of the claim.
- (c) Legal proceedings
- (i) Should the driver of the government vehicle be required to appear at an autopsy or inquiry, or should any criminal proceedings be instituted against him/her, he/she must immediately submit the summons, subpoena or notification to appear served on him/her, to GMT.
 - (ii) Where applicable, the duly completed "Application for Defense" by the state attorney in the criminal matter must be submitted with the notice to appear on a possible charge of reckless/negligent driving.
- (d) Reporting of losses
- (i) Damage, losses and deficiencies as a result of major and other unavoidable causes, and thefts

(other than damage, losses and deficiencies arising out of accidents) are regarded as "losses".

- (ii) The reporting procedures are the same as described in "reporting of accidents" – with one exception being that a Z181 Accident Report form is not required; a signed statement from the official involved/who discovered the "loss" would suffice.
- (iii) The procedures as explained in "vehicle repairs" are to be followed to effect repairs and/or replacements. The provision of a "replacement vehicle" will depend on the availability of a replacement vehicle, and the settlement of any outstanding amounts.
- (iv) When a vehicle is being repaired, the Municipality may:
 - (a) use one of the vehicles allocated to the Municipality as a relief vehicle;
 - (b) hire a general hire vehicle from GMT for relief purposes;
 - (c) when GMT does not have general hire vehicles available that suit the needs of the Municipality, the Municipality must request in writing that the GMT hire the required vehicle from a private car hire firm. The costs being paid to the private car hire company will be recovered from the Municipality.
- (v) When a vehicle that has been damaged is brought to the GMT for repairs and other damages to the vehicle are noticed that have not yet been reported to the Legal Claims Section at the GMT, the Workshop Manager must within 48 hours (of the vehicle being delivered at GMT for repairs) notify the Municipality as well as the Legal Claims Section at GMT about the damage. The TO of the Municipality will have the opportunity to verify the damage at the GMT.
- (vi) As the Municipality took longer than 48 hours to notify the GMT of the damage, the cost to repair these damages will be recovered from the Municipality and will not be covered by the GMT's provision.

10.24 **Fleet Risk Management**

10.24.1 All reported cases of accidents; losses and claims against the state are captured in the Loss Control System, according to a loss cause code structure. In essence this means that GMT is empowered to identify risk areas on the following three levels, per (1) Municipality, (2) vehicle (including vehicle type groups) and (3) driver/official.

10.24.2 Management reports in excess to the above-mentioned are available on the following trends:

- (a) Number of cases registered per use over a specified period;
- (b) To differentiate between open and closed cases;
- (c) Reports on the different types of cases reported, i.e. accidents with fixed objects, 3rd party involved, claims against the state, stolen vehicles, major and other unavoidable causes, malicious damage, glass replacements, GMT rental vehicles.
- (d) Total value and count of cases (1) written off against the GMT Trading account according to bad debt, major and other unavoidable causes and losses, (2) recovered from 3rd parties and the Municipality, (3) accident repairs, (4) total loss of vehicle (stolen and write off's).

10.25 **Fleet Logistics = General Rental**

GMT Rental (vehicle hiring without a driver)

Temporary and/or relief vehicles can be hired from GMT, including specialized vehicles i.e. trucks, busses, panel vans and LDV's. The Municipality would be liable to pay the daily and kilometer tariffs. Also see "accidents and losses" – clause 10.23, which will apply to these rentals.

10.26 **Car Hire Firms**

Vehicle hiring **without** a driver

10.26.1 In the event that GMT is unable to supply a GMT Rental vehicle, a vehicle(s) may be hired, via GMT, from a private car rental firm.

10.26.2 The hiring of these vehicles is inclusive of insurance (mandatory).

10.26.3 The Municipality, as the risk bearer, is liable for the excess payment (a minimum of R1 000,00 up to 10% of the total loss – inclusive of 3rd party claims).

10.26.4 The Municipality would also be liable for the hiring costs (including oil and fuel) – GMT agrees to settle the account with the Car Rental Firm and then claim the expenditure (direct costs) back from the Municipality involved.

10.27 **Carwash Services**

10.27.1 The Municipality can make use of any of the approved Wesbank merchants that are rendering carwash services.

10.27.2 Carwash services can be utilized by the Municipality once a month for each vehicle. GMT will pay the cost involved for the wash.

10.27.3 Should the Municipality wish to wash any vehicle more than once a month, the Municipality should inform the GMT in writing of this need, and GMT will recover these costs from the Municipality.

10.28 **Valet Service**

10.28.1 The Municipality is permitted to take a vehicle once a year to be cleaned at an approved Wesbank merchant that renders a valet service. GMT will pay the cost involved for the valet service.

10.28.2 Should the Municipality wish to valet any vehicle more than once a year, the Municipality should inform the GMT in writing of this need, and GMT will recover these costs from the Municipality.

10.29 **Tracking Services**

10.29.1 It is hereby agreed that the Municipality may have vehicle tracking devices fitted into all or any of the vehicles at own cost and that all such equipment will remain the property of either the Municipality or the tracking company (as the case may be).

10.29.2 At such time when GMT is able to offer tracking services, the Municipality will have the option to have tracking in their vehicles, with the following options being available:

- (1) Active Tracking;
- (2) Passive Tracking;
- (3) Vehicle Recovery.

10.29.3 The Municipality should determine which of these options will be acceptable to them, and will suit their needs. The Municipality should also determine which vehicles should be tracked. These decisions should be communicated to the GMT in writing.

10.29.4 The costs involved in the tracking will be dependent upon the costs charged by the merchant who obtained the contract to render these services. The costs will be paid by GMT and recovered on a monthly basis from the Municipality.

11. CESSION / TRANSFER / ASSIGNMENT

Neither party may cede, assign, delegate or otherwise transfer its rights nor obligations to a third party without the prior written consent of the other party.

12. COMPLIANCE WITH LAWS, ACTS AND CONDITIONS OF THIS AGREEMENT

12.1 The Municipality as well as GMT are bound by, and shall comply with, all laws, by-laws, acts, regulations and conditions of this agreement now and in future.

12.2 Failure to comply, or to abide by the conditions of this agreement, will render the defaulting party liable for any loss which the other may, or could, suffer.

13. COMMUNICATION

13.1 Regular communication meetings and Transport Training sessions will be set up and scheduled for the year. The dates will be communicated to the Municipality.

13.2 All written communication between the Municipality, Institutions and GMT, and vice versa will be undertaken by and through the Municipality unless stated differently under another section of this agreement.

13.3 The format of management reporting will be agreed upon between the parties.

13.4 Official communication is to be in writing, and signed on behalf of the Head of Department.

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14. CO-OPERATION AND GOOD FAITH

14.1 The parties undertake to render every possible assistance to each other and to extend to each other the maximum co-operation for purposes of attaining the objectives of this agreement.

14.2 The parties shall at all time consult with each other in good faith and the affairs between them shall be mutually administered and promoted with the highest degree of integrity.

15. ENTIRE AGREEMENT

This Agreement and all documents properly signed and attached hereto represent the entire agreement between the parties and supersede any other such Agreements previously concluded.

16. FUTURE DEVELOPMENTS

Any future development that may affect this agreement will be in writing communicated between the Municipality and the GMT. Such written communication will be deemed to form part of this agreement and will remain so until the agreement is terminated.

17. DOMICILIUM AND NOTICES

17.1 The parties choose their respective *domicilium citandi et executandi* ("domicilium") for the propose of giving of any notices, the payment of any sum the serving of any process and for any other purpose arising from the service level agreement as follows:

GMT
Private Bag X20548
BLOEMFONTEIN
9300

Rhodes Avenue
BLOEMFONTEIN
9301

Telephone number: 051-4005200
Telefax number: 051-4481737

Mantsopa Local Municipality
P.O. Box 64
LADYBRAND
9745

Telephone number: 051-9240654
Telefax number: 051-9240020
Contact name: Mrs. Mazinyo

- 17.2 The Municipality shall notify GMT in writing within 14 (fourteen) days should the address and details of the contact person referred to above change during the term of the service level agreement.
- 17.3 Either of the parties shall be entitled, from time to time, by written notice to the other to vary its *domicilium* to any other address in the Republic of South Africa, which is neither a post office box nor a *poste restante*.
- 17.4 Any notice given, and any payment made, by either party to the other ("the addressee") which:
- is delivered by hand during the normal business hours of the addressee at the addressee's *domicilium* shall be presumed, until the contrary is proven by the addressee, to have been received by the addressee at the time of delivery;
 - is posted by prepaid registered post from an address within the Republic of South Africa to the addressee's *domicilium* shall be presumed, until the contrary is proven by the addressee, to have been received on the fourth day after the date of posting.
- 17.5 Any notice given by either party to the other, which is sent by facsimile to the particular addressee's *domicilium*, shall be presumed, until the contrary is proven, to have been received by the addressee on transmission thereof.

18. DURATION OF AGREEMENT

This Agreement commences on date of signature of the last party signing the Agreement and terminates in relation to the different types of vehicles as indicated in the roll-out plan attached to the Agreement.

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9. GENERAL

- 19.1 The vehicle shall only be used by the Municipality for the purpose as stipulated in this agreement.
- 19.2 This service level agreement constitutes the entire service level agreement between the parties in regard to the subject matter thereof.
- 19.3 No parties shall be bound by any representations, expressed or implied terms, warranty, promise or the like, not recorded herein or reduced to writing and not signed by both parties or their respective duly authorized representatives.
- 19.4 No addition to, variation or agreed cancellation of this agreement shall be binding unless in writing and signed by both parties or their respective duly authorized representative.
- 19.5 No indulgence, which either party may grant to any other, shall constitute a waiver of the rights of the granter. No relaxation or indulgence which the GMT may grant to the Municipality shall constitute a waiver of rights of the GMT and shall not preclude the GMT from exercising any of its rights which might have arisen in the past or which might arise in the future.

THUS DONE, SIGNED AND ACCEPTED AT

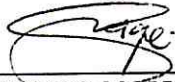
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ON THIS

6th

DAY OF

October 2011



MANTSOPA LOCAL MUNICIPALITY

Who warrants that he/she is duly authorized to do so for and on behalf of the
MUNICIPALITY

AS WITNESSES:

1. *Mazinyo JEMIMA MAZINYO*
(SIGNATURE AND NAME IN PRINT)
2. *Venter Veronica Venter*
(SIGNATURE AND NAME IN PRINT)

THUS DONE, SIGNED AND ACCEPTED AT

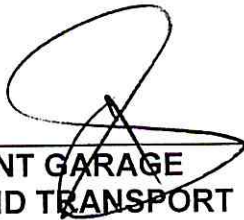
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ON THIS

6th

DAY OF

October 2011



**HEAD: GOVERNMENT GARAGE
POLICE, ROADS AND TRANSPORT**

Who warrants that he is duly authorized to do so for and on behalf of the GMT

AS WITNESSES:

1. *Myrotye MH COETZEE*
(SIGNATURE AND NAME IN PRINT)
2. *Dlamini' NL Dlamini'*
(SIGNATURE AND NAME IN PRINT)



FLEET MANAGEMENT

CONDITIONS FOR NON-DEPARTMENTAL SERVICE DELIVERY

A. HIRE OF EQUIPMENT

1. GENERAL

- 1.1 Equipment is hired "dry", that is, the client is to supply the fuel. Equipment will be supplied to the client with its fuel tank filled and must be returned with its tank filled. Only premium grade fuel supplied by a reputable fuel company may be used. If required, for short period transactions, the directorate can provide fuel. The client will be charged separately for fuel.
- 1.2 The cost of hiring equipment will depend on the number of working days that the equipment was hired as well as the number of hours or kilometers utilized during the hiring period.
- 1.3 If required the directorate can provide transport or equipment to and from the client. The transport cost will depend on the distance involved and will be stated separately on the estimation and on the invoice.

2. AVAILABILITY

- 2.1 Departmental clients have priority. Availability of equipment to non-departmental clients can thus not be guaranteed.
- 2.2 In an emergency situation with public safety at stake the directorate may negotiate the interruption of service delivery at a non-departmental client should the equipment be needed. This will only be done if there is no alternative option. Service delivery will be recommenced as soon as practically possible.
- 2.3 If equipment should become defective the directorate will replace it, if possible, with similar equipment. In such a case the directorate, if required, will provide transport, without charging the client for it.

3. WORKING DAYS

- 3.1 Weekends and public holidays are not considered working days and will thus not be counted as working days.
- 3.2 Equipment may be utilized on weekends and public holidays. In such a case the days utilized will be considered and counted as working days.

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3.3 If operator training is required on the delivery day, the delivery day will not be counted as a working day. The hours or kilometers worked on the delivery day will be considered working hours or kilometers.

3.4 The last day or part thereof that the client utilizes the equipment will be counted as a working day.

4. **NON-UTILIZATION DUE TO UNFORESEEN CIRCUMSTANCES**

4.1 Days that equipment is available for utilization at the client but not utilized due to unforeseen circumstances like bad weather will be negotiated with the client. As a rough guideline, if the unforeseen circumstances has terminated all worksite activities, the day will not be considered a working day.

5. **UTILIZATION OF EQUIPMENT**

5.1 Only operators that have been authorized by a departmental operator instructor may operate departmental equipment.

5.2 Operators will be required to complete the equipment logbook daily (hours/kilometer worked, fuel used).

5.3 The directorate may withdraw equipment that is operated by unauthorized or incompetent operators, or if the equipment is misused/abused. The client will be charged for the period that the equipment was utilized until withdrawal.

5.4 Some equipment will only be available with a departmental operator included.

6. **UTILIZATION OF DEPARTMENTAL OPERATORS**

6.1 Should equipment be hired with a departmental operator, the operator will be considered to be contracted to the client. The departmental operator is to execute all reasonable instructions given by the client.

6.2 Should it be applicable, the client is to provide lodging to the departmental operator similar to that which he provides to his own operators.

6.3 The client is responsible for all activities performed by the departmental operator under his instructions as if it was his own operator, including the compliance to the Health and Safety Act.

6.4 Should a departmental operator not perform adequately, the client can request such an operator to be replaced.

7. **DEFECTIVE EQUIPMENT**

7.1 Defects to equipment must be reported to the departmental official in charge of the equipment as soon as possible.

7.2 Defective equipment may not be operated.

7.3 Unroadworthiness also constitutes a defect.

7.4 Should only the hour or trip meter of equipment become defective, the official in charge of the equipment can give authorization for the equipment to be operated. The hours or kilometers operated with a defective hour or trip meter have to be estimated and added to the total hours or kilometers.

7.5 The number of hours or kilometers utilized with defective hour or trip meters needs to be decided upon by the client in conjunction with the official in charge. These figures will be included in the total utilization calculation. If no agreement can be reached, the average daily utilization for the rest of the hiring period will be used in the total utilization calculation.

8. **SERVICING AND RUNNING REPAIRS**

8.1 All servicing, routine maintenance and running repairs will be done by the directorate. The directorate may withdraw equipment during working hours for servicing, general maintenance and inspections. The client will be notified at least two working days beforehand.

8.2 If the client should request to do servicing, maintenance and running repairs himself, he may be authorized to do so by the official in charge, in writing. The following conditions will apply:

- An appropriately qualified artisan with relevant experience should do the work.
- The directorate's service intervals will be applicable.
- Only lubricants compliant to directorate specifications are to be used.
- Only filters compliant to OEM specifications are to be used.
- Only replacement parts cleared by the official in charge may be used for running repairs.
- Notification of a service or repair performed by the client, together with copies of parts purchase invoices, should be delivered to the official in charge as soon as practically possible.

9. **TYRES AND GET**

9.1 Unless stated otherwise in the Cost Estimation or the Memorandum of Agreement, tyres and GET will be supplied by the directorate.

10. **TRANSPORTATION**

10.1 Equipment transported by the department will become the responsibility of the client when offloaded at the client and will stop being the client's responsibility when collected at the client.

10.2 Equipment transported by the client will become the client's responsibility when loaded onto the client's transporter at the departmental depot and will stop being the client's responsibility when offloaded at the departmental depot.

11. ABNORMAL BREAKAGES

- 11.1 An abnormal breakage constitutes any breakage that cannot be ascribed to normal wear and normal use.
- 11.2 An abnormal breakage incident is followed by an abnormal break investigation, which includes a failure analysis. Usually the equipment manufacturer assists in investigations.
- 11.3 Should an abnormal breakage occur during the hiring period, or during transportation of equipment by the client, the client will be invited to be part of the investigation board.
- 11.4 If the breakage can be ascribed to negligence, abuse or accident by the client during the period that the equipment was the client's responsibility, the damages, or part thereof, can be claimed from the client.

12. SAFEKEEPING

- 12.1 The client is responsible for the safekeeping of equipment during the hire period. This included non working days, such as weekends and public holidays.
- 12.2 The client will be held responsible for thefts or damages incurred during the hire period.

13. LEGAL CONSIDERATIONS

- 13.1 No subcontracting or sub hiring of departmental equipment may be done by the client.
- 13.2 The department and the directorate do not accept any responsibility or accountability for any injuries, deaths or damage to property caused by the utilization of departmental equipment by a non-departmental client.
- 13.3 The client indemnifies the Department and the Directorate against any claim that may be made against them for injury or damages.
- 13.4 All traffic fines involving hired equipment during the hiring period will be for the client's account.
- 13.5 The client has to ensue for public liability and for damages to the machinery and equipment while in the possession and under the control of the client.
- 13.6 The department does not accept any responsibility for unintentional damages caused by a departmental operator, such as damage to underground sewerage, water, telephone or electrical lines while operating equipment on a terrain as indicated by the client.

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B. TRANSPORTATION SERVICES

14. TRANSPORTATION OF ITEMS, VEHICLES OR MACHINES

- 14.1 The department will only transport items for which it has a suitable transporter.
- 14.2 The department will not exceed the design and/or legal capacity of the transporter.
- 14.3 Only the department operator will operate the transporter.
- 14.4 The department will see to the procurement of the necessary abnormal permits if required.
- 14.5 The department will provide escort if required. The client will be charged additionally for the escort vehicle(s).
- 14.6 The client is responsible to provide loading/unloading facilities or equipment. If required and available, the directorate can provide equipment to facilitate loading and unloading. The client will be charged additionally for this equipment.
- 14.7 All loading, unloading and transportation of any item, vehicles or machine is done at the client's own risk.

C. INVOICING AND PAYMENT

15. INVOICING AND PAYMENT

- 15.1 For rental periods shorter than one month, the client will be invoiced as soon as the rental period is over.
- 15.2 For rental periods longer than one month, the client will be invoiced at the end of every month unless stated otherwise in the Cost Estimation or in the Memorandum of Agreement.
- 15.3 An interest rate of prime as set by Standard Bank will be applicable on payments outstanding for a period longer than thirty days from the date of invoice.

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