

SERVICE LEVEL AGREEMENT

Entered into between

**PIXLEY ka SEME DISTRICT MUNICIPALITY
(DC7)**

Herein represented by and duly authorised thereto:

RE PIETERSE

In his capacity as Acting Municipal Manager

and

**UMSOBOMVU LOCAL MUNICIPALITY
(NC.)**

Herein represented by and duly authorised thereto:

AC MPELA

In his capacity as Municipal Manager

In terms of Shared Services

MEMORANDUM OF AGREEMENT

BETWEEN

Pixley ka Seme District Municipality herein represented by Mr. RE Pieterse in his capacity as Acting Municipal Manager (herein further referred to as the District Municipality);

AND

The **Umsobomvu Local Municipality** (herein-after further referred to as the Local Municipalities), herein represented by AC Mpela in his capacity as **Municipal Manager**.

HEREIN AFTER REFERRED TO AS THE PARTIES

WHEREAS the Local Municipality intends to make use of the District Municipality to provide the following services to and on behalf of the Local Municipality;

- Planning
- Legal Services
- Disaster Management
- Internal Audit
- Performance Management
- Risk Management – **NB: It should be noted that this function will only be implemented when the District Municipality has got full financial and other capacity to render it.**

This, for the purpose of this agreement, shall be referred to as **Shared Services**; and

WHEREAS the District Municipality is willing to provide the Shared Services to and on behalf of the Local Municipality,

NOW THEREFORE THE PARTIES RECORD AS FOLLOWS:

1. The District Municipality shall provide Shared Services to and on behalf of the Local Municipality. The Shared Services shall be in line and conform to the National, Provincial, Pixley ka Seme District Municipality and (name of Local Municipality) Local municipality's guidelines in performing its functions.
 - 1.1 The District Municipality shall make suitably qualified persons available to the Local Municipality to assist with the Shared Services.
 - 1.2 The District Municipality shall not be liable for any loss which the Municipality may incur resulting from the services provided.

- 1.3 The Shared Services shall operate within the ambit of the Municipal Finance Management Act (Act 56 OF 2003) and other related legislations
- 1.4 The Shared Services should render these services to the Local Municipality as prescribed by Legislation.
- 1.5 The District Municipality shall, with the assistance of Local Municipality, establish a satellite office to all the local municipalities to respond to Disaster Management issues.

2. DOMICILIUM NOTICES

- 2.1 The parties choose *Domicilium citandi et executandi* ("Domicilium") for the purpose of giving any notice, the payment of any sum, the service of any process and for any other purpose arising from this agreement as follows:

2.1.1 Pixley ka Seme District Municipality:

Physical address: Culvert Road (Industrial Area)
DE AAR
7000

Postal Address: Private Bag X1012
DE AAR
7000

2.1.2 Umsobomvu Local Municipality:

Physical address: 21A Church Street
COLESBERG
9795

Postal address: Private Bag X6
COLESBERG
9795

3. NOTICES

- 3.1 All notices that the parties to this service level agreement shall serve upon each other notices in writing.
- 3.2 A notice: -
 - 3.2.1 that is sent by registered mail shall be deemed as received 7 (seven) days after the date it was sent;

3.2.2 that is delivered by hand or electronically shall be deemed as delivered on the date of delivery thereof.

4. LEGISLATION GOVERNING THE SERVICE LEVEL AGREEMENT

This service level agreement is subject to the legislation of the Republic of the South Africa, especially the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

5. TERM

The term of this agreement, irrespective of the date of signing, shall be from 01 July 2013 until 30 June 2017, with the understanding that the agreement may be renewed there-after. Provided that the District Municipality and Local Municipality shall reserve the right to cancel the agreement by written notice of one financial year should it become impossible to continue to render the service on account of staff or other factors.

6. TERMINATION

Any of the parties to this agreement may terminate the agreement, provided that written notice of termination must be given to the other party one financial year prior to the date of termination.

7. PAYMENT

Each Local Municipality shall be required to make a contribution of R450 000 (Four Hundred and Fifty Thousand Rand), which is exclusive of VAT, for each financial year of the existence of this agreement.

The agreement makes provision for an annual 5% escalation on the agreed amount which escalations will only commence as from the **1 July 2014** and will have to be included in future payments until the contract lapses.

8. REPORTING

The Shared Services shall report to the District Municipality Municipal Manager/DIGR and is obliged to submit informal and final reports to the Management. The District Municipal Manager shall report to Council and Management and shall attend meetings of Council on request. All reporting shall be done by the persons appointed by the District Municipality at least once a quarter.

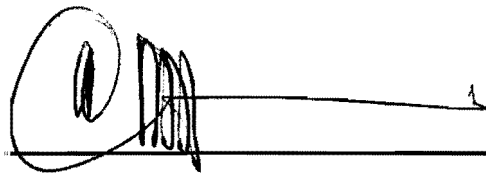
The Management of each of the Municipality is obliged to respond to Shared Services reports within the agreed timeframe.

Management is also strongly advised to implement the recommendation made by Shared Services where feasible.

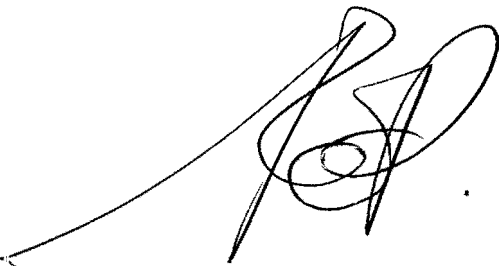
9. GENERAL

- 9.1 Amendments to this service level agreement shall not be binding, unless it is reduced to writing and signed by all parties.
- 9.2 The headings to clauses are inserted only for easy reference by the parties and shall not be considered at the interpretation of the stipulations of this memorandum of understanding.
- 9.3 There are no other stipulations, conditions, guarantees, commitments or presentations of any nature between the parties and binding the parties, apart from those captured in this memorandum of understanding.
- 9.4 No concession that the one party may grant to the other in respect of the parties' responsibilities to each other in terms of this memorandum of understanding shall jeopardise or constitute a waive in rights of such party's rights in terms of this memorandum of understanding, or otherwise.
- 9.5 All words and terminology used in this memorandum of understanding shall have their ordinary meaning, unless specifically indicated otherwise.

SIGNED AT Coussberg ON THIS 12 DAY OF Sept. 2013



MR. AC MPELA
MUNICIPAL MANAGER UMSOBOMVU LOCAL MUNICIPALITY



MR. RE PIETERSE
ACTING MUNICIPAL MANAGER: PIXLEY KA SEME DISTRICT MUNICIPALITY