

C1.2 Contract Data

Part one - Data provided by the *Employer*

Please read the relevant clauses in the conditions of contract before you enter data. The number of the principal clause is shown for each statement however other clauses may also use the same data.

Rows containing the statement and data for options in the core clauses and for main & secondary option clauses, according to the options chosen, are identified by shading in the left-hand column.

Completion of this data in full, according to the Options chosen, is essential to create a complete contract.

Clause	Statement	Data
PART 1	General	
	The <i>conditions of contract</i> are the core clauses and the clauses for main Option: dispute resolution Option and secondary Options	A: Priced contract with price list W1: Dispute resolution procedure X1: Price adjustment for inflation X5: Sectional completion X7: Delay Damages X16: Low performance damages X17: Low performance damages Z: Additional conditions of contract
	of the NEC3 Contract (June 2005)	
10.1	The <i>Employer</i> is (name): Address Tel.No. Fax No.	Transnet Freight Rail, A Division of Transnet Ltd. 49th Floor, Carlton Centre, 150 Commissioner Street, Johannesburg (011) 3082435 (011) 3082430
10.1	The <i>Service Manager</i> is (name): Address Tel Fax e-mail	Mr Francois Nel Room 529, 138 Eloff Street, Braamfontein (011) 773-8853 (011) Francois.nel@transnet.net
11.2(2)	The Affected Property is	N/A

11.2(13)	The <i>service</i> is	Supply, Installation and Commissioning of an Optical Fibre Route : Union – Germiston - Kaserne
11.2(14)	The following matters will be included in the Risk Register	<ol style="list-style-type: none">i. Cancellation of track occupations at short notice.ii. The shortage of wagons, locomotives and locomotive driver crews may disrupt logistics to move material, equipment and staff on railway lines.iii. Work on railway track near live OHTE electrical equipment holds a danger of electrocution for workers.iv. Working on a railway lines adjacent to lines on which rail traffic continue to run holds the risk of injury or death to workers.v. Dry vegetation at or near most worksites is a fire hazard.
11.2(15)	The Service Information is in	Part C3 : Service Information (Works Information)
12.2	The <i>law of the contract</i> is the law of	The Republic of South Africa subject to the jurisdiction of the Courts of South Africa.
13.1	The <i>language of this contract</i> is	English
13.3	The <i>period for reply</i> is	2 weeks
PART 2	The Contractor's main responsibilities	Refer to option Z.5.1
PART 3	Time	
30.1	The starting date is	The Contract date
	The <i>service period</i> is	As stated in the service information.
PART 4	Testing and defects	No data is required for this section of the conditions of contract.
PART 5	Payment	
51.1	The <i>currency of this contract</i> is the	South African Rand (ZAR).
51.2	The period within which payments are made is	Payment will be made 45 days from month end statement. The assessment interval is a calendar month.
51.4	The <i>interest rate</i> is	2% Per annum above the prime lending rate of the Standard Bank of South Africa Ltd as determined from time to time.
PART 6	Compensation events	No data is required for this section of the conditions of contract.
PART 7	Use of Equipment Plant and Materials	No data is required for this section of the conditions of contract.
PART 8	Risks and insurance	
8.3.1	The <i>Employer</i> provides these insurances	

- (a) The minimum limit of indemnity for insurance in respect of loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with this contract for any one event is **whatever the Contractor deems desirable in addition to that provided by the Employer.**
- (b) The minimum limit of indemnity for insurance in respect of death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with this contract for any one event is that **which is prescribed by the Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 as amended.**

Indemnities and insurance

- i. The Contractor shall take every precaution not to cause damage to property or injury to any person as a result of his execution of the work.
- ii. Transnet will insure in the joint names of Transnet Freight Rail and the Contractor against all legal liabilities which may arise from the accidental death of or injury to third party persons and/or accidental loss of, or damage to third party property in the course of the Contractor's execution of the Work.
- iii. The insurance policy will be for an indemnity limit as stated in the policy and will be maintained in force during the entire period of the Contract.
- iv. The Contractor shall in the case of a liability arising out of a negligent act or omission on the part of the Contractor be responsible for payment of the amount(s) stated in the policy as being the deductible.
- v. The insurance to be provided in terms of clause 83.1(ii) will have a cross liabilities cover in respect of which each party shall be separately indemnified in respect of claims made by any one of them against the other as though a separate policy has been issued to each of them.
- vi. The Contractor shall insure against loss of or damage to his own machinery, tools, equipment, materials and site establishments and any consequential financial losses arising from such damage. This insurance is to be maintained in force during the entire period of the Contract. The Contractor shall likewise arrange his own insurances in respect of motor vehicle liabilities and employer's common law liabilities of the Contractor.

PART 9	Termination	Refer to Clause Z.5.9
Dispute Resolution	Option W1	
W1.1	The <i>Adjudicator</i> is (Name)	Will be mutually agreed upon by the parties if a dispute arises.
W1.2(3)	The <i>Adjudicator nominating body</i> is:	The Association of Arbitrators (Southern Africa)
W1.4(2)	The <i>tribunal</i> is:	Arbitration
W1.4(5)	The <i>arbitration procedure</i> is	The Rules for the Conduct of Arbitrators of the Association of Arbitrators (Southern Africa)
	The place where arbitration is to be held is	Johannesburg

- The person or organisation who will choose an arbitrator
- if the Parties cannot agree a choice or
 - if the arbitration procedure does not state who selects an arbitrator, is

**The Chairman of the Association of Arbitrators
(Southern Africa)**

Data for secondary Option clauses

Options X1, X5 X7, X 16 and X17

1 OPTION X1:

1.1 PRICE ADJUSTMENT FOR INFLATION:

1.1 OPTIONS

1.1.1 Price adjustment factor calculated monthly according to paragraphs 1.1.1 to 1.1.10 below.

1.1.2 Price to be fixed for a year on rates offered in tender and adjusted each end of year for next year by the escalation increase of the past year. The increase for the following year shall be calculated as per clause 1.2.1 to 1.2.7, exactly one year later than the base date of the contract.

1.1.3 Alternative proposal of tenderers. Detail to be provided by tenderer.

1.2 FACTOR ADJUSTMENT

1.2.1 A contract price adjustment factor to be determined in accordance with the formula as described below will be applied to allow for all increases or decreases in costs, from any cause whatsoever, which may occur after the closing date of the submission of tenders and before the date of completion. The factor shall be rounded off to six decimal places. The contract price adjustment factor shall be -

$$(1 - x) \left(0.35 \frac{Lt}{Lo} + 0.40 \frac{Pt}{Po} + 0.13 \frac{Mt}{Mo} + 0.12 \frac{Dt}{Do} - 1 \right)$$

where x = 0,15 and

Lo, Po, Mo and Do are respectively labour, machinery, material and diesel fuel indices ruling for the calendar month two (2) months prior to closing date of the tender;

Lt, Pt, Mt and Dt are respectively labour, machinery, material and diesel fuel indices ruling for the calendar month two (2) months prior to the date of measurement.

1.2.2 The indices to be used shall be those for the Consumer Price Index and Production Price Index as obtained from the monthly Statistical News Release published by STATS South Africa.

- Lo and Lt shall be the labour indices for Metropolitan Areas (P0141.1 Table A).
- Po and Pt shall be the average of the price indices of Non-Electrical Machinery and Transport Equipment in the ratio of 1:1 (P0142.1 Table 8 item 2.16 and 2.21 respectively).
- Mo and Mt shall be the price indices of materials used in Mechanical Engineering (P0142.1 Table 10).
- Do and Dt shall be the price indices of "Diesel Oil – Average Coastal and Witwatersrand" (P0142.1 Table 12).

1.2.3 When the value of an index at the time of calculation is not known the latest available index shall be used and any correction necessary shall be made by addition or subtraction in subsequent monthly payment certificates.

- 1.2.4 The amounts to be added to or subtracted from the monthly payment certificates shall be calculated by multiplying the amount certified for payment for that month (but excluding amounts not subject to price adjustment) by the contract price adjustment factor for that month.
- 1.2.5 Adjustment to measurements of previous months' quantities will be included in calculation of the amount certified for payment and will therefore be subject to the price adjustment factor of the current measurement month.
- 1.2.6 Any additions to or deductions from the amount payable, brought about by the application of the contract price adjustment factor, shall be deemed to have made full allowance for all increases or decreases in cost from any cause whatsoever, including all overhead costs as well as any increases and decreases therein, and profit.
- 1.2.7 Value added tax shall be excluded from individual payment item rates and price adjustment indices as it will be added to the total of the month's measurement, after price adjustment has been made in terms hereof.

2 OPTION X5:

X5.1 In these *conditions of contract*, unless stated as the whole works, each reference and clause relevant to

- the *works*,
- Completion and
- Completion date

applies, as the case may be, to either the whole of the *works* or any section of the works

3 OPTION X7:

X7.1 The *Contractor* pays delay damages at the rate stated in the Contract Data from the Completion Date for each day until the earlier of

- Completion and
- The date on which the *employer* takes over the *works*.

X7.2 If the Completion Date is changed to a later date after delay damages have been paid, the *Employer* repays the overpayment of damages with interest. Interest is assessed from the date of payment to the date of repayment and the date of repayment is an assessment date.

X7.3 If the *Employer* takes over a part of the *works* before Completion, the delay damages are reduced from the date on which the part is taken over. The *Project Manager* assesses the benefit to the *Employer* of taking over the whole of the *works* not previously taken over. The delay damages are reduced in this proportion.

4 OPTION X16:

X16.1 After the Price for Work Done to Date has reached the *retention free amount*, an amount is retained in each amount due. Until the earlier of

- Completion of the whole of the *works* and
- The date on which the *Employer* takes over the whole of the *works*

The amount retained is the *retention percentage* applied to the excess of the Price for Work Done to Date above the *retention free amount*.

X16.2 The amount retained is halved

- In the assessment made at Completion of the whole of the *works* or
- In the next assessment after the *Employer* has taken over the whole of the *works* if this is before Completion of the whole of the *works*.

The amount retained remains at this amount until the Defects Certificate is issued. No amount is retained in the assessments made after the Defects Certificate has been issued.

4 OPTION X17: LOW PERFORMANCE DAMAGES:

4.1. UNSATISFACTORY PERFORMANCE OF THE MACHINERY

- 4.1.1 The Service Manager's Deputy may terminate the Work and/or order the machinery to be moved to another place of Work and/or order the removal of mechanic(s) and/or operator(s), and/or order the temporary or permanent removal and replacement of a machine under the following conditions:
- When the output of the machinery is less than 70% of the required minimum productivity for a period of two consecutive months, or
 - when the percentage availability of the machinery (as described in the Contract data) is less than 75% for a period of two consecutive months.
- 4.1.2 The Contractor may substitute, either temporarily or for the duration of the Contract, other machinery in place of that listed in the Schedule of Machinery offered. The substitute machinery shall be subject to all the terms and conditions of the Contract and shall in no way be inferior to the original machinery. The Service Manager's Deputy shall be advised of any proposed substitution, which shall be subject to his approval.
- 4.1.3 Should the Service Manager's Deputy, at any time, be of the opinion that the machinery provided by the Contractor is performing defectively or is incapable of achieving the specified output and availability the Service Manager's Deputy may notify the Contractor in writing, but the Contractor shall not be relieved of any of his contractual obligations if such notification is not given.
- 4.1.4 The Contractor shall there-upon take steps to improve the output and availability of the machinery to specified performance levels or to replace the machinery with machinery capable of achieving the specified performance, failing which the Employer may act in terms of clause Z.5.9.

Option Z **Additional conditions of contract**

The Additional conditions of contract are
Definitions:

Z.1 Day

Day is a calendar day and where a specific number of days is allowed in the Contract for the performance of any act or is stipulated for the extinction of any right or the duration of any event or circumstance, public holidays and the annual Christmas break from 20 December to 4 January (both days included) is excluded from the calculation of the number of days concerned.

Z.2 Intellectual property

Intellectual property rights (including patents, copyright, trade marks etc), rests with the party owning them and the Contractor indemnifies the Employer from any liability arising from infringement of such intellectual property rights.

Z.3 Assignment & cession

Neither the *Contractor* nor the *Employer* may, without the written consent of the other, assign the Contract or any part thereof or any obligation under the Contract or cede any right or benefit there under.

Z.4 Non-Waiver

No grant by the *Employer* or the *Contractor* to the other of any concession, waiver, condonation or allowance is, in respect of any specific event or circumstance other than that in respect of which the grant was made to constitute a waiver of the rights of the grantor in terms of the Contract or an *estoppel* of the grantor's right to enforce the provision of the Contract.

Z.5.1 THE CONTRACTOR'S GENERAL OBLIGATIONS

The following information in addition to Core Clause 2 of the Schedule of Options will apply:

Z.5.1.1 The Contractor's general obligations under the Contract comprise: -

- maintenance of railway track and the provision of on-track maintenance machinery and all accessory tools and equipment of the types and nature stipulated in the Particular Specifications and
- the provision of all labour, Service Manager's Deputy personnel and specialised tradesman required to undertake the duties and functions required in terms of the Contract and everything, whether of a temporary or permanent nature, required for performance of the Work and services to be provided in terms of the Contract.

Z.5.1.2 Transnet Freight Rail shall, in the case of a breach of contract by the Contractor in terms of clause Z.5.9, have a lien over the Contractor's machines and accessory tools and equipment and all temporary buildings of the Contractor used for carrying out the Work.

Z.5.1.3 The clause headings in these conditions of contract are not deemed to be part thereof and will not be taken into consideration in the interpretation of the Contract.

Z.5.1.4 Any grant by Transnet Freight Rail or the Contractor (the Grantor), or by any of the persons authorised to act on their behalf to the other, of any concession, waiver, condonation or allowance shall not, in respect of any specific event or circumstance other than that in respect of which the grant was made, constitute a waiver of the rights of the grantor in terms of the Contract or an *estoppel* of the grantor's right to enforce the provisions of the Contract.

Z.5.1.5 Value-added tax in terms of the Value-added Tax Act No. 89 of 1991 shall be dealt with as follows: -

- In Tendering; Value-added tax shall not be included in the tendered rates and prices.
- In payment; Value-added tax shall not be reflected on monthly contract payment certificates, but paid separately on the presentation of a tax invoice by the Contractor. The value of the work reflected on the tax-invoice must correspond with the netto amount indicated on the contract payment certificate.
- Changes to the VAT rate will be dealt with in terms of sections 67 and 67A of the Act.

Z.5.2 CESSION, ASSIGNMENT AND SUBCONTRACTING

Z.5.2.1 The Contractor shall not cede or assign the Contract or any part thereof without the prior written approval of the Service Manager.

Z.5.2.2 The Contractor shall not enter into any subcontract without the prior written approval of the Service Manager which approval shall not unreasonably be withheld. The subcontractor, in respect of whom approval is so granted and his employees or workmen shall for all the intentions and purposes of the Contract, be deemed to be workmen of the Contractor, as provided in clause Z.5.1 hereof.

Z.5.2.3 Approval given in terms of clauses Z.5.2.1 and Z.5.2.2 hereof shall not relieve the Contractor of any responsibility, duty or obligation imposed upon him by the Contract, and the Contractor shall in particular be and remain solely liable and responsible for all acts, omissions, negligence or breaches of contract on the part of the assignee or any of his employees, and for all acts, omissions or negligence of any subcontractor or any of his employees.

Z.5.3 SUFFICIENCY OF TENDER

Z.5.3.1 The Contractor shall be deemed to have satisfied himself before tendering as to the correctness and sufficiency of his tender and of the rates and prices stated in the Price List. These rates shall be sufficient to cover his obligations under the Contract and everything necessary for the proper performance of the Work and services specified here in.

Z.5.4 ACCESS, RIGHTS-OF-WAY AND CAMPSITES

Z.5.4.1 Where entry onto Transnet Freight Rail's property is restricted, permission to enter will be given only for the performing the Work and services included in the Contract and will be subject to the terms and conditions laid down by Transnet Freight Rail.

Z.5.4.2 The Contractor shall arrange for campsites, workplaces and access thereto as well as for any right-of-way over private property to the place of the Work, and for access within the boundaries of Transnet Freight Rail's property. The owners of private property to be traversed shall be approached and treated with tact and courtesy by the Contractor, who shall, if necessary, obtain a letter of introduction to such property owners from the Service Manager's Deputy.

Z.5.4.3 The Contractor shall be responsible for the closing of all gates on roads and tracks used by him or his employees. Except with the prior approval of the Service Manager's Deputy and the owner or occupier of any private land to be traversed, the Contractor shall not cut, lower, damage, remove or otherwise interfere with any fence or gate which is either on Transnet Freight Rail's property or on private property and which restricts access to the Work.

Z.5.4.4 Where such approval has been given, the Contractor shall prevent entry of animals or unauthorised persons onto Transnet Freight Rail's or private property and shall make the fences safe against trespass at the close of each day's work.

Z.5.4.5 The Contractor shall take all reasonable steps to confine the movement of vehicles and plant to the approved right-of-way to minimise damage to property, crops and natural vegetation.

Z.5.4.6 When access is no longer required and before completion of the Work, the Contractor shall repair, restore or replace any fence or gate damaged during execution of the Work and services to the satisfaction of the Service Manager's Deputy.

Z.5.5 WORKMEN

- Z.5.5.1 All persons employed by the Contractor to carry out the Contract shall be competent, responsible and of good character.
- Z.5.5.2 If, in the opinion of the Service Manager's Deputy, any person employed by the Contractor is inefficient, negligent, disrespectful or objectionable, the Service Manager's Deputy may, after consultation with the Contractor, instruct that such person be removed from the Contract Work.
- Z.5.5.3 During the currency of the Contract, the Contractor shall not approach any employee of Transnet Freight Rail with a view to offering him employment in any capacity whatsoever.
- Z.5.5.4 The Contractor shall, upon request, provide the Service Manager's Deputy with a weekly statement of the number of persons employed on the Work each day by the Contractor and any sub-contractor, the capacity in which employed, the total number of hours worked in that week for each grade of staff separately and details of any incentive or bonus payment schemes introduced. The statement shall be supported by documentary evidence when so required by the Service Manager's Deputy.
- Z.5.5.5 The Contractor shall ensure that all staff transported on on-track machines and Transnet Freight Rail wagons or coaches, shall at all times be transported in a safe and responsible way. Only authorised staff shall be transported.
- Z.5.5.6 The attention of the Contractor is directed to the requirements of safety legislation and regulations with regard to storage and transport of dangerous substances, accommodation and transport of people.
- Z.5.5.7 Staff shall only be allowed to travel on a train or machine in approved accommodation or cabin facilities.

Z.5.6 HOUSING OF EMPLOYEES

- Z.5.6.1 The Contractor shall, where necessary, make his own arrangements for suitable housing of his employees. Where temporary housing is permitted by the Service Manager's Deputy on Transnet Freight Rail land the Contractor shall provide suitable sanitation, lighting and portable water supplies.
- Z.5.6.2 The Contractor may, where available and subject to the approval of the Service Manager's Deputy, use Transnet Freight Rail campsites and sanitary services. The Contractor may in such case use Transnet Freight Rail waste disposal service if available at such campsite.
- Z.5.6.3 Fouling of the area inside or outside Transnet Freight Rail's boundaries must be prevented. The Contractor may be called upon by the Service Manager's Deputy to dispose of any foul or waste matter generated by the Contractor.

Z.5.7 HOURS OF WORK

- Z.5.7.1 The Contractor shall conform to the hours of duty laid down by the Service Manager's Deputy. When required, the Contractor shall work either overtime or shifts, on paid public holidays, Saturdays or Sundays. The machinery will not be required to work more than 6 shifts in any 7-day period or 11 shifts in any 14-day period.
- Z.5.7.2 Work shall not be suspended for rain or inclement weather unless otherwise agreed by the Service Manager's Deputy. Before the end of each day's work the Contractor will be advised in writing of the commencement time and duration of the following day's occupation(s). The duration of the occupation will be subject to train operating conditions.
- Z.5.7.3 The Contractor may be required to work SPLIT occupations as defined in clause 3.10 of the Service Information when a 2 hour period will be allowed between occupation periods for servicing of the machines.
- Z.5.7.4 The Contractor will be allowed sufficient time on-track to calibrate and adjust the machine as part of the preventive maintenance of the machine. This time will be outside the scheduled occupation periods and will not be included in any of the contract measurements.

Z.5.8 COMPLIANCE WITH STATUTES AND SAFETY RULES

Z.5.8.1 The Contractor shall comply with all applicable legislation and the Transnet safety requirements. The cost of such compliance shall be borne by the Contractor and shall be deemed to have been allowed for in the rates and prices in the Contract.

Z.5.8.2 The Contractor shall, in particular, comply with the following Acts: -

- The Compensation for Occupational Injuries and Diseases Act, (Act 130 of 1993); The Contractor shall produce proof of his registration and good standing with the Compensation Commissioner in terms of the Act.
- The Occupational Health and Safety Act (Act 85 of 1993); The Contractor is in terms of section 37(2) of Act 85 of 1993, deemed to be an employer in his own right with duties as prescribed in the Act and agrees to ensure that all work will be performed or machinery and plant used in accordance with the provisions of the Act in respect of all persons in his employ, other persons on the premises or the site or place of the Work or on the Work to be executed by him and under his control in terms of the Contract. The agreements in this Contract and all documents attached or referred to, form an integral part of the arrangements and procedures stipulated in the aforementioned section.
- The Contractor shall comply with the current Transnet Specification E.4E, Safety Arrangements and Procedural Compliance with the Occupational Health and Safety Act, Act 85 of 1993 and Regulations as applicable, and shall, before commencement with the execution of the Contract, submit to the Service Manager's Deputy, documentary proof of his procedural compliance with the Act and particulars of his Health and Safety Policy and Programme to be implemented on the Work in accordance with Specification E.4E.
- The Contractor's Health and Safety Policy and Programme will be subject to the agreement of the Service Manager's Deputy, who may order supplementary and/or additional safety arrangements and/or different safe working methods to ensure compliance by the Contractor with his obligations as an employer in terms of the Act.
- The Contractor shall comply with the current Specification for Work On, Over, Under or Adjacent to Railway Lines and near High Voltage Equipment - E7/1, where applicable, and shall take particular care of the safety of his employees working on or in close proximity to a railway line during track occupations as well as under normal operational conditions.
- He shall also comply with all other safety requirements, regulations and guidelines of Transnet applicable to the nature of Work carried out under the Contract and shall obtain the particulars thereof from the Service Manager's Deputy.
- In addition to compliance with clause Z.5.8.2 hereof, the Contractor shall report all incidents contemplated by Section 24 of the Act in writing to the Service Manager's Deputy. Any incident resulting in the death of or injury to any person on the WORK shall be reported within 24 hours of its occurrence and any other incident shall be reported within 48 hours of its occurrence.
- The term "safety rules" is used in a generic sense and refers to all Transnet arrangements, procedures and requirements, pertaining to safety, specified or incorporated by reference in the contract documents, such as the Specification for Work On, Over, Under or Adjacent to Railway Lines and near High Voltage Equipment, E7/1, the Electrical Safety Instructions - High Voltage Equipment. (Copies of these documents are available for inspection at the offices of Transnet Freight Rail.

Z.5.9 BREACHES AND REMEDIES

Z.5.9.1 Should the Contractor commit any breach or default of any kind mentioned in clause Z.5.9.2 hereof, the Employer may exercise, subject to the provisions as stated in Option W1 as well as clause Z.5.9.3, for and on behalf of Transnet, immediately, in whole or in part and consecutively or concurrently, all or any of the options, rights and powers set out in clause Z.5.9.3 hereof.

- Z.5.9.2 Breaches or defaults entitling the Employer to act in terms of clause Z.5.9.3 hereof shall be the following: -
- Z.5.9.2.1 insolvency of the Contractor or an act of insolvency comprising inter alia, the following: -
 - Z.5.9.2.1.1 liquidation or sequestration of the Contractor's estate (provisionally or finally); or
 - Z.5.9.2.1.2 the Contractor publishing a notice of surrender of his estate as insolvent; or
 - Z.5.9.2.1.3 the Contractor entering into a compromise with the general body of his creditors; or
 - Z.5.9.2.1.4 the Contractor having an execution levied on his goods.

 - Z.5.9.2.1 material breach of the Contract by the Contractor comprising inter alia;
 - Z.5.9.2.1.1 the abandonment or repudiation of the Contract;
 - Z.5.9.2.1.2 suspension of progress of the Work without contractual cause;
 - Z.5.9.2.1.3 assigning of the Contract without the consent in writing of the Employer having first being obtained;
 - Z.5.9.2.1.4 subcontracting any part of the Contract without the Service Manager's approval;
 - Z.5.9.2.1.5 failing to provide the performance bond in terms of option X13 hereof;
 - Z.5.9.2.1.6 failing to satisfy any judgment or arbitrator's award entered against him within 7 days after such judgment or award is so entered; or to satisfy any attachment order against property within 3 days of its issue;
 - Z.5.9.2.1.7 failure, after he has been notified in terms of Option X17 clause 4.1.3 to achieve the specified output and/or availability of the machinery; or to rectify defective performance; or
 - Z.5.9.2.1.8 conviction of the Contractor or any of his employees in a court of law for any offence which adversely affects the interests of Transnet.
- Z.5.9.3 In the event of any breach or default mentioned in clause Z.5.9.2 hereof, the Employer may exercise any of the following options, rights and powers: -
- Z.5.9.3.1 To cancel the Contract and to invoke the lien over the Contractor's machines, equipment, tools and temporary buildings, and any indemnities or safeguards in favour of Transnet in terms of the Contract.
 - Z.5.9.3.2 To take over full possession and control of the whole or any portion of the Work and the Contractor's machinery equipment, tools and material used thereon, and control of any or all of the Contractor's employees (with or without accepting any liability for arrear salaries or wages, or for any contracts of personal service) and to continue and complete the Work, by employment of such of the Contractor's employees and using such of his site establishment, temporary buildings, machinery equipment tools and materials, as is necessary in the discretion of the Service Manager, all for the account of and at the cost and risk of the Contractor.
 - Z.5.9.3.3 To remove and dismiss any person employed by the Contractor and, for the account of and at the cost and risk of the Contractor, to engage or appoint any other person under such conditions and to pay him such salary or wage as the Service Manager may deem fit.
 - Z.5.9.3.4 To obtain from any source whatsoever, at the cost of the Contractor, tools, equipment and material as are necessary, in the opinion of the Service Manager, for the proper completion of the Contract.
 - Z.5.9.3.5 To dismiss the Contractor from any further control of the execution of the Contract, and thereafter to take over full control of and to utilise the whole or any portion of the machinery, equipment, tools and material belonging to the Contractor, and to employ any person other than the Contractor to complete the Contract, in each case for the account of and at the risk and cost of the Contractor, after or without offering such work for tender and without the interference or intervention in any way by the Contractor. After the said work has been completed by such other person and such other person has been paid therefore, the Service Manager shall issue the Final Certificate when so authorised by the Employer.
 - Z.5.9.3.6 To reduce, in the case where the Contractor's defective workmanship and/or performance is accepted by Transnet, any one or all of the rates and prices in the Contract by the amounts of Transnet's losses or the costs of rectifying the defective workmanship and/or performance of



the Contractor, or by the amounts that the Contract Work is reduced in value as a consequence of the deficiencies.

- Z.5.9.4 Should any money as shown by the final certificate be due by the Contractor to Transnet, the Contractor and/or his guarantor shall forthwith pay such money to Transnet, failing which Transnet may recover the said amount from the Contractor.
- Z.5.9.5 All wages, salaries, costs, expenses and damages paid, incurred or sustained by Transnet for which the Contractor is liable in terms of the Contract, shall be paid by the Contractor on demand or shall be recovered from monies owing to the Contractor or by legal action in a court of appropriate jurisdiction.
- Z.5.9.6 In any action taken or instituted by Transnet in terms of clauses Z.5.9.1 to Z.5.9.4 hereof or any clause of the Contract read alone or in conjunction with these clauses, a certificate issued by the Service Manager shall be deemed to be proof of any amount due by the Contractor to Transnet or by Transnet to the Contractor.
- Z.5.9.7 No action taken or instituted by Transnet in terms of clauses Z.5.9.1 to Z.5.9.4 hereof or any clause of the Contract read alone or in conjunction with these clauses shall prejudice or detract from Transnet's right to recover damages for any other breach or default committed by the Contractor in respect of the Contract. The remedies provided under clauses Z.5.9.3 and Z.5.9.4 hereof are additional to any other rights, claims or remedies that Transnet may have in law or under the Contract against the Contractor.

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