



Annexure K

Transition Phase - Service Penalty

Transition period	Month 1	Month 2	Month 3	Month 4
Phases	Phase 1	Phase 2	Phase 3	Phase 4
Outcome - deployment targets (refer to Table 4: Transition phases in the scope of work)	15%	35%	75%	100%
Service Penalty (deployment targets not met or <100% outcomes)	2%	2%	2%	2%
Penalty calculation	2% x Transition costs for phase 1	2% of Transition costs for phase 2	2% of Transition costs for phase 3	2% of Transition costs for phase 4
For every additional month that the Service Provider fails to meet the specified percentage completion for that month a further 2% penalty (based on the transition cost for the missed phase) will be levied on the Service Provider. For example, transition cost for phase I is R80 000 and the Service Provide did not meet the 15% deployment target in month 1. The Service Provider did not meet this 15% deployment target in month 2. Thus the Service Provider will pay a penalty of R1 600 for month 1, and a penalty of R1 600 in month 2. Both these penalty amounts relate to phase I.				