



**SERVICE LEVEL AGREEMENT**

**SETSOTO LOCAL MUNICIPALITY**

and

**RHEOCHEM (PTY) LTD**

**PROJECT: SUPPLY AND DELIVERY OF WATER CLEANING CHEMICALS \ MATERIAL FOR SETSOTO LOCAL MUNICIPALITY ON AN AS AND WHEN REQUIRED BASIS FOR A PERIOD OF THREE (3) YEARS**


**TENDER NO: T 08 R (17\18)**

**CONTRACT MANAGEMENT TEAM:**

**B MONARE -Acting Director Corporate Services;  
AM MOKOENA -Contracts Management  
CONTACTS: 051 933 9367**

**SETSOTO LOCAL MUNICIPALITY**

**RHEOCHEM**

  
MR STR

Mr. S. R. [Signature]

RHEOCHEM

SETSOTO LOCAL MUNICIPALITY

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and  
**RHEOCHEM (PTY) LTD**  
**SERVICE LEVEL AGREEMENT**



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A close corporation incorporated in terms of the Laws of the Republic of South Africa with registration number (2005 / 0336 78 / 07 ) duly represented by Mrs Jacqueline Hermine Swart in her capacity as the Managing Director of the said Company.  
(Hereinafter referred to as the "Service Provider")

RHEOCHEM ( Pty) Ltd

and

A Local municipality incorporated in terms of the Laws of the Republic of South Africa, duly represented by Mr Simon Tshepisio Rankgotho Ramakarane in his capacity as the Municipal Manager and Accounting Officer.  
(Hereinafter referred to as the "Municipality")

(VAT Registration Number: 400084651 1)

SETSOTO LOCAL MUNICIPALITY

ENTERED INTO BY AND BETWEEN

SERVICE LEVEL AGREEMENT

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- 2.1 The municipality has awarded a bid described as supply and delivery of water cleaning chemicals a period of three years commencing on 20 March 2018 notwithstanding date of signature hereof with reference number T08 (17\18).
- 2.2 The service provider has duly accepted the said award.
- 3. DEFINITIONS
  - 3.1 In this agreement unless inconsistent with or otherwise indicated by the context, the following words shall have the meaning assigned to them in this clause and the cognate meaning shall have a corresponding meaning.
    - 3.1.1 "Agreement" means this agreement and any Annexures and schedules attached hereto;
    - 3.1.2 "Business Day" means any day which is not a Saturday, Sunday or public holiday recognized as such under the Public Holidays Act, (Act 36 of 1994);
    - 3.1.3 "Bid Documents" includes all documents that forms part of the bid, which includes invitation to bid, Tax clearance certificate, Pricing schedule(s), Filled in task directive/proposal, Preference claims for Broad Based Black Economic Empowerment Status Level of Contribution in terms of the Preferential Procurement Regulations 2011, Declaration of Interest, Declaration of bidders' past SCM practices, Certificate of Independent Bid Determination, Special Conditions of Contract, General Conditions of Contract; Bidder submissions and Other (specify)
    - 3.1.4 "Deliverables" means any system, duty, obligation, service, task, action, products, information, documents, program, advice, recommendation, report or disclosure required to be rendered, undertaken, executed, delivered, furnished, provided, made, done and/or compiled by a Party in terms of this Agreement;
    - 3.1.5 "Delegated Official" means an official delegated by the MUNICIPALITY to liaise with the SERVICE PROVIDER, also referred to as the project manager or his director
    - 3.1.6 "Effective date" means 20 March 2018

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4.3 Should clauses 4.1 and 4.2 be applied and fail to assist in the interpretation of this agreement then, the interpretation that will put an equitable construction upon this agreement and will not, unless the

4.2 If, however, the ordinary sense of the word leads to some absurdity or some repugnancy or inconsistency with the rest of the terms of this agreement, then the words may be modified just so much as to avoid that absurdity, or repugnancy or inconsistency but no more.

4.1 In constructing this agreement and all related written instruments thereof, the grammatical and ordinary sense of the word is to be adhered to, unless that would lead to some absurdity, or some repugnancy or inconsistency with the rest of the terms of this agreement.

4 INTERPRETATION

3.1.13 "Service Provider" means RheoChem (Pty) Ltd, a private company with registration number 2005 / 033678 / 07.

3.1.12 "Services" means the scope of work as set out in this agreement, bid document and any attached Annexure;

3.1.11 "Persons under the control of the Service Provider" means any person being an employee, partner, director, shareholder or legal person under the control of the Service Provider, or a person acting on behalf of or with the knowledge of the Service Provider;

3.1.10 "Parties" means the parties to this agreement;

3.1.9 "Month/monthly" shall mean a calendar month, and more specifically a calendar month commencing on that date or same date of any subsequent month thereafter;

3.1.8 "Municipality" means Setsoto Local Municipality being a local municipality;

3.1.7 "Force Majeure" means any inability, on the part of any of the Parties, to perform any of its obligations in terms of this Agreement due to an event which was beyond its control, these events include, but not limited to, war, armed conflict or terrorism, natural disasters such as violent storms, floods, earthquakes, destruction by lightning; explosions and fires;

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- 4.12 The words "shall", "will" and "must" used in the context of any obligation or restriction imposed on a Party have the same peremptory meaning.
  - 4.11 Any reference to "days" shall be construed as being a reference to calendar days, unless qualified by the word "Business".
  - 4.10 If the due date for performance of any obligation in terms of this Agreement is a day which is not a Business Day, then (unless otherwise stipulated) the due date for performance of the relevant obligation shall be the immediately preceding Business Day.
  - 4.9 Unless specifically otherwise provided, any number of days prescribed shall be determined by excluding the first and including the last day or, where the last day falls on a day that is not a Business Day, the next succeeding Business Day.
  - 4.8 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.
  - 4.7 Where the approval or consent of any party is required in terms of this Agreement, the Parties hereby agree that such approval or consent shall not be unreasonably withheld or delayed by the Party who is required to give same.
  - 4.6 The words "including" and "in particular" shall not limit the generality of any preceding words.
  - 4.5 Reference to one gender includes the other gender, singular includes the plural and *vice versa*.
  - 4.4 However general the expressions in this agreement may be, they only include the matters in respect of which it appears that the contracting parties intend to contract and not those which they did not contemplate.
- intention of the parties is manifest, so construe the agreement as to give one of the parties an unfair or unreasonable advantage over the other should be explored.

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5 AGREEMENT AND DELIVERABLES AND SERVICE PROVIDER'S OBLIGATIONS

5.1 Service Providers Obligation

- 5.1.1 The parties herein enter into an agreement in terms of which the service provider is a key role player in the supply of water purification chemicals for the purpose of cleaning, treatment and purification.
- 5.1.2 Supply a wide range of water purification \ treatment chemicals \ equipment including transport and these are categorized as follows:
  - 5.1.2.1 Flocculants \ Coagulants
  - 5.1.2.2 Disinfection agents , such as chlorine (gas, liquid, and granular )
  - 5.1.2.3 PH Correction agents such as lime, soda ash and caustic soda
  - 5.1.2.4 Dosing equipment – pumps
  - 5.1.2.5 Chlorination equipment such as chlorinators, injectors, valve connectors etc.
  - 5.1.3 Supply and deliver goods within 5-10 working days at the quantity and quality as per the official order.
  - 5.1.4 Deliver goods (chemicals) at the specified sites
  - 5.1.5 Adhere to all safety regulations requirements and conditions, further advise the client on such.
  - 5.1.6 To comply with the specification at all times
  - 5.1.7 The service provider shall furnish the municipality with a valid tax invoice accompanied by substantiating documentation of such invoice relating to the fulfillment and deliverables stipulated in the contract and bid documents
  - 5.1.8 Take back empty cylinders of material that warrant such.
  - 5.1.9 Further collect hazardous chemicals \ materials with vehicles and personnel which is Hazchem approved.
  - 5.1.10 The service provider need to consider where feasible a warehouse or distribution point within the jurisdiction of the municipality.

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8.1 The municipality shall pay the supplier within 30 days upon receipt of a valid tax invoice, where this obligation shall not be met the municipality shall communicate to the supplier the earliest date of

8. PAYMENT

7.2 An extension will only be considered in terms of supply chain management prescripts.  
writing.  
come to an end, save for any extensions or variations or amendments agreed by the parties in  
three years starting 20 March 2018 to 19 March 2021. Thereafter this agreement will automatically  
7.1 This agreement shall be binding to the parties from the effective date and shall continue for a period of

7 DURATION

6.1 To make relevant and necessary payments for the services rendered by the Service Provider in accordance with the completed, verified and approved deliverables

The Municipality is obliged to:

6 MUNICIPALITY'S OBLIGATIONS

5.2.4 The purchaser shall not be liable for any injury, loss or damage directly or indirectly incurred by the supplier, as an independent contractor, arising out of or in connection with the services rendered by the supplier in accordance with this agreement.

5.2.3 The quality of the services or levels upon which the services are to be provided must be of high standard, ethically and otherwise

5.2.2 The service provider will not be entitled to any benefit of whatever nature that employees of the municipality may be contractually or in equity be entitled to; and,

5.2.1 They do not envisage that the relationship that is created by this agreement is to be a partnership or a contract of employment;

5.2 The parties specifically record that:

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10.2 Matters of mutual interest will be discussed and decided on from time to time at these meetings as well as operational procedures, service levels and performance measurements may be revised here.

10.1 The municipality, service provider and any other relevant person shall meet as required and shall, *inter alia*, continuously monitor and reassess the service in the best interest of the Municipality.

10. MANAGEMENT, COMMUNICATION AND REPORTING

9.2 The prices to your bid submission will have a six percent (6%) 7 increment year on year.

9.1 Prices charged by the service provider for services performed under the contract shall not vary from the prices quoted by the supplier in his bid, with the exception of any price adjustments authorized in SCC or in the purchaser's bid submission or request for bid validity extension, as the case may be.

9. PRICES

8.6 The method and conditions of payment to be made to the supplier under this contract shall be by electronic funds transfer or otherwise by prior notification to the supplier.

8.5 The service providers invoice as in item 5.1.7 shall be the primary document on which payment will be verified and paid

8.4 The municipality will verify the correctness of the tax invoice and notify the supplier of any possible discrepancies prior to the payment being made.

8.3 The municipality shall pay the supplier on completion of the services ( supply and delivery of chemicals)

8.2 E-mailed tax invoices will be accepted.  
payment.

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- i. serve the defaulting party with a written notice of the default and demand the defaulting party to make good the default within fourteen (14) working days;
- ii. claim immediate performance by the defaulting party of all of its obligations that are due for performance and which are the subject of the breach;
- iii. claim damages, if there are any damages sustained by that other party due to the default; and
- iv. exercise rights provided for in clause 13, if the defaulting party failed to remedy the default within seven (7) days on receipt of a notice contemplated in this clause.

12.2 Should the breach contemplated in this clause occur, the aggrieved party shall, if that breach is material:

12.1 The responsibilities and obligations imposed to and undertakings made by the parties in terms hereof are meant to be performed and if they are not performed at all, performed late or performed only in part or in a wrong manner, that would constitute breach to this agreement.

### 12. BREACH, LIMITATION OF LIABILITY & PENALTIES

11.2 This clause shall continue to be binding on the parties despite any termination or cancellation of this agreement or any part thereof.

11.1 Both parties acknowledge that in their dealings with each other they may come across confidential information which may, if disclosed, compromise the business of the other party and that they (parties) herein undertake not to disclose such information to any third party, save where such disclosure is authorized by law or by written consent from the other party.

### 11. CONFIDENTIALITY

10.3 The supplier will report on its periodic assessment to the need of establishing a depot or warehouse within the municipal jurisdiction.  
10.4 Matters agreed upon for operational purposes will be added as addenda to the agreement.

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13.4. The parties agree that should the dispute relate to finance the mediator shall be an independent accountant of not less than ten (10) years in practice as selected by the chairperson of the Board of South African Institute of Chartered Accountants. Where a dispute relates to the interpretation of the clauses of this agreement the mediator shall be an attorney or advocate of not more than ten (10) years

13.3. In the event the dispute concerns an amount claimed by the municipality and the service provider fails to rectify the dispute, the municipality shall be entitled to deduct the disputed amount from the amount payable in terms of the invoice for the following billing period and the amount may then be referred to mediation.

13.2. The decision of the mediator shall be binding upon the parties and the cost of the mediation thereof shall be determined by the mediator himself or herself.

13.1. The parties undertake to resolve any dispute arising out of the implementation or interpretation of this agreement amicably by negotiating, if attempts to do so within ~~seven~~ (7) days fail, then by way of mediation.

13. DISPUTES

12.4. The maximum aggregate liability under this agreement for each party, for all claims, from any source whatsoever ("Maximum Liability"), arising as a result of foreseeable loss or direct damages suffered by any other party in connection with this agreement, due to any act or omission by any other party, shall be limited to the amount of no greater than the amount set out in clause 8.1 per incident above.

12.3. All penalties shall be dealt with in terms of the Conventional Penalties Act 15 of 1962. Penalties shall be imposed for poor services, late performances and or wrong performance.

A Party shall not be liable for breach in terms hereof, if it establishes to the satisfaction of the other party that such breach was due to *force majeure*.

v. debit the amount equivalent to services that should have been rendered at the time of breach from the total amount that is due for that period;

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15.1 No addition to or variation, consensual cancellation or novation of this agreement and no waiver, cession, delegation or assignment of any right or obligation arising from this agreement or its breach or termination will be of any force or effect unless reduced into writing and signed by the parties or their duly authorised representatives.

15. AMENDMENTS/VARIATION

- v. Any of the parties serving to the other party a written notice of termination for a period of three months prior to the termination:
- iv. "Force Majeure" If, as a result of "Force Majeure", the parties can no longer continue performing the obligation of the agreement or it would be undesirable to continue with the agreement.
- iii. the service provider instituting insolvency proceedings or has insolvency proceedings involuntarily instituted against it, and
- ii. Poor Performance after the service provider has been advised in writing of the failure to meet the duties and responsibilities, and given a reasonable period of time of at least seven (7) days to cure the poor performance.
- i. default on the part of any of the contracting parties as provided for in clause 12,

14.1 This agreement can only be terminated in the event of:

14. TERMINATION

13.5. The provisions of this clause shall not operate to prevent either party from seeking urgent interim relief, pending mediation, by way of interdict or other legal action.

in practice as selected by the chairperson of the Law Society of South Africa or the Bar Council in case of an advocate.

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16.5 The Municipality chooses for the purposes of this agreement its *domicilium citandi et executandi* address for any notices as follows:

- i. Street Address:  
Setsoto Local Municipality  
27 Voortrekker Street  
FICKSBURG  
9730
- ii. Postal Address:  
P.O. Box 116  
FICKSBURG  
9730
- iii. Fax:  
051 933 9383

16.4 Either Party may from time to time decide to vary its *domicilium*, address or fax number by giving written notice to the other Party.

16.3 Any notice delivered by hand to the party shall be deemed to have been delivered on the day of delivery. Any notice sent by registered post shall be deemed to have been received within seven (7) days from the date on which it was posted, and any notice sent by fax to a Party at the telefax numbers specified, shall be deemed to have been received within one (1) hours transmission if it is transmitted during normal business hours, and if also confirmed by the other party.

16.2 Any notice will be deemed to have been received by the party to whom it is addressed or delivered when receipt thereof is acknowledged by means of a signed delivery note.

16.1 Any notice in terms of this agreement will be delivered to the physical addresses of the parties, or will be sent by registered post to the postal addresses of the party to whom it is addressed.

**16. DOMICILIUM CITANDI ET EXECUTANDI**

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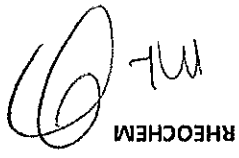
- 18.3 This agreement is governed by South African law, without giving effect to any conflict of laws; amendment to render it valid, the parties agree to negotiate an amendment to remove the invalidity. which will continue to be valid and enforceable. If any term or condition held to be invalid is capable of unenforceable, such terms and conditions will be severable from the remaining terms and conditions
- 18.2 Should any of the terms and conditions of this agreement be held to be invalid, unlawful or recorded in writing in this agreement and its annexure.
- 18.1 This agreement is the whole agreement between the parties in regard to its subject matter. No party shall be bound by any express, implied or tacit term, representation, warranty, promise or the like, not recorded in writing in this agreement and its annexure.

17 GENERAL

17.1 The parties hereby consent to the jurisdiction of the Magistrates Court of South Africa located in the Province.

17. JURISDICTION

- i. Street Address : 7 Hawthorne Place  
Mahogany Ridge  
PINETOWN  
3608
  - ii. Postal Address : P.O. BOX 744  
WESTVILLE  
3630
  - iii. Tel: 031 700 3700 \ 082 880 2184
  - iv. Fax : 031 700 3730
- b. The service provider chooses for the purposes of this agreement its *domicilium citandi et executandi* address for any notices as follows:



SETSOTO LOCAL MUNICIPALITY

NAME: Vinethi Kampered

(2) ~~Kampered~~

NAME: SHARON DUG

(1) Sharon

AS WITNESSES:

RHEOCHEM (PTY) LTD  
P O BOX 744, WESTVILLE 3630  
7 HAWTHORNE PLACE  
MAHOGAN Y RIDGE, PINETOWN 3608  
TEL: 031 700 3700 FAX: 031 700 3730

MRS J.H SWART  
MANAGING DIRECTOR

[Signature]

SIGNED at Pinetown on this 8 day of MAY 2018

NAME: J. LYNCH

(2) [Signature]

NAME: Moggy-lee Kethda

(1) [Signature]

AS WITNESSES:

MR. STR RAMAKARANE  
MUNICIPAL MANAGER

SIGNED at Bloom Sr. Ficksburg on this 15<sup>th</sup> day of May 2018

18.4 The relationship between the parties shall be one of the utmost good faith and each party undertakes to observe the utmost good faith towards the other parties.