

# RUSTENBURG LOCAL MUNICIPALITY



## PERFORMANCE AGREEMENT

**MADE AND ENTERED INTO BY AND BETWEEN:**

**THE RUSTENBURG LOCAL MUNICIPALITY  
REPRESENTED BY**

**SELLO VICTOR MAKONA**

in his capacity as the **Acting Accounting Officer of  
Rustenburg Local Municipality**

(the "Employer")

and

**Jan Casper Pieters**

in his capacity as the **Director Planning and Human Settlement of**

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**Rustenburg Local Municipality**

(the "Employee")

(Collectively referred to as the "Parties")

**FOR THE**

**FINANCIAL YEAR: 01 JULY 2016 – 30 JUNE 2017**

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## PERFORMANCE AGREEMENT

### ENTERED INTO BY AND BETWEEN:

The **Rustenburg Local Municipality** represented by **Sello Victor Makona** in his capacity as the **Acting Accounting Officer** (hereinafter referred to as the Accounting Officer)

and

**Jan Casper Pieters** in his capacity as **Director Planning & Human Settlement** (hereinafter referred to as the Employee).

### WHEREBY IT IS AGREED AS FOLLOWS:

#### 1. INTRODUCTION

1.1 The Employer has entered into a contract with the Employee in terms of section 57 (1) (a) of the Local Government: Municipal Systems Act 32 of 2000 (the Systems Act) for a period ending **30 September 2016**. The Employer and the Employee are hereinafter referred to as "the Parties".

1.2 Section 57 (1) (b) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual Performance Agreement.

1.3 The parties wish to ensure that they are clear about the goals to be achieved and secure the commitment of the Employee to a set of outcomes that will secure local government policy goals.

1.4 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.

#### 2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to -

2.1 comply with the provisions of Section 57(1) (b), (4A), (4B) and (5) of the Systems Act as well as the Contract of Employment entered into between the parties;

2.2 specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance expectations and accountabilities;

2.3 specify accountabilities as set out in the Performance Plan (Annexure A);

and/or to assess whether the Employee has met the performance expectations applicable to his job;

- 2.6 appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding performance; and
- 2.7 give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

### **3 COMMENCEMENT AND DURATION**

- 3.1 This Agreement will commence notwithstanding the date of signature hereto, or deemed to have commenced on the **01 July 2016** and will remain in force until **30 June 2017**, where after a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between the parties for the next financial year or any portion thereof.
- 3.2 The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.
- 3.3 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.
- 3.4 If at any time during the validity of this Agreement the work environment alters to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.



#### **4. PERFORMANCE OBJECTIVES**

4.1 The Performance Plan (Annexure A) sets out-

- a. the performance objectives and targets that must be met by the Employee; and
- b. the time frames within which those performance objectives and targets must be met.

4.2 The performance objectives and targets reflected in Annexure A are set by the Employer in consultation with the Employee and based on the Integrated Development Plan and the Budget of the Employer, and shall include key objectives; key performance indicators; target dates and weightings.

4.3 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the Work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.4 The Employee's performance will in addition, be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.

#### **5. PERFORMANCE MANAGEMENT SYSTEM**

5.1 The Employee agrees to participate in the performance management system that the Employer adopts or introduces for the Employer, management and municipal staff of the Employer.

5.2 The Employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the Employer, management and municipal staff to perform to the standards required.

5.3 The Employer will consult the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.

- 5.4 The employee undertakes to actively focus towards the promotion and implementation of the Key Performance Areas (KPA's) (including special projects relevant to the employee's responsibilities) within the local government framework.
- 5.5 The criteria upon which the performance of the employee must be assessed consist of two components, both of which must be contained in the performance agreement. The employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Core Competency Requirements (CCRs), respectively. Each area of assessment will be weighted and will contribute a specific part to the total score. KPA's covering the main areas of work will account for 80% and CCRs will account for 20% of the final assessment.
- 5.6 The employee's assessment will be based on his or her performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employee.

| KEY PERFORMANCE AREAS                                  | WEIGHTING   |
|--|-------------|
| Basic Service Delivery                                 | 53          |
| Municipal Institutional Development and Transformation | 0           |
| Local Economic Development                             | 0           |
| Municipal Financial Viability                          | 14          |
| Good Governance and Public Participation               | 33          |
| <b>Total</b>   | <b>100%</b> |

- 5.7 In the case of managers directly accountable to the municipal manager, key performance areas related to the functional area of the relevant manager, must be subject to negotiation between the municipal manager and the relevant manager.
- 5.8 The CCRs will make up the other 20% of the employee's assessment score. CCRs that are deemed to be most critical for the employee's specific job should be selected from the list below as agreed to between the employer and the employee and must be considered with due regard to the proficiency level agreed to.

| CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES (CCR)   |                        |             |
|--|------------------------|-------------|
| Core Managerial and Occupational Competencies  | √<br>(Indicate choice) | Weight      |
| <b>Core Managerial Competencies:</b>   |                        |             |
| Strategic Capability and Leadership  | √                      | 10          |
| Programme and Project Management   | √                      | 10          |
| Financial Management   | compulsory             | 5           |
| Change Management  |                        |             |
| Knowledge Management   | √                      | 5           |
| Service Delivery Innovation  | √                      | 10          |
| Problem Solving and Analysis   | √                      | 5           |
| People Management and Empowerment  | compulsory             | 10          |
| Client Orientation and Customer Focus  | compulsory             | 10          |
| Communication  | √                      | 10          |
| Honesty and Integrity  | √                      | 5           |
| <b>Core Occupational Competencies:</b>   |                        |             |
| Competence in Self Management  |                        |             |
| Interpretation of and implementation within the legislative and national policy frameworks | √                      | 5           |
| Knowledge of developmental local government  | √                      | 5           |
| Knowledge of Performance Management and Reporting  | √                      | 5           |
| Knowledge of global and South African specific political, social and economic contexts     |                        |             |
| Competence in policy conceptualisation, analysis and implementation                        | √                      | 5           |
| Knowledge of more than one functional municipal field / discipline                         |                        |             |
| Skills in Mediation  |                        |             |
| Skills in Governance   |                        |             |
| Competence as required by other national line sector departments                           |                        |             |
| Exceptional and dynamic creativity to improve the functioning of the municipality          |                        |             |
| <b>Total percentage</b>  | -                      | <b>100%</b> |

## 6 EVALUATING PERFORMANCE

6.1 The Performance Plan (**Annexure A**) to this Agreement sets out -

- a. the standards and procedures for evaluating the Employee's performance; and
- b. the intervals for the evaluation of the Employee's performance.

6.2 Despite the establishment of agreed intervals for evaluation, the Employer may in addition review the Employee's performance at any stage while the



contract of employment remains in force.

6.3 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames.

6.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.

6.5 The annual performance appraisal will involve:

a. Assessment of the achievement of results as outlined in the performance plan:

(i) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.

(ii) An indicative rating on the five-point scale should be provided for each KPA.

(iii) The applicable assessment rating calculator (refer to paragraph 7.5.3 below) must then be used to add the scores and calculate a final KPA score.

b. Assessment of the CCR's

(i) Each CCR should be assessed according to the extent to which the specified standards have been met.

(ii) An indicative rating on the five-point scale should be provided for each CCR.

(iii) The applicable assessment rating calculator (refer to paragraph 7.5.1) must then be used to add the scores and calculate a final CCR score.



c. Overall rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

6.6 The assessment of the performance of the Employee will be based on the following rating scale for KPA's and CCR's:

| Level | Terminology                                  | Description  | Rating |   |   |   |   |
|-------|--|--|--------|---|---|---|---|
|       |  |  | 1      | 2 | 3 | 4 | 5 |
| 5     | Outstanding performance                      | Performance <b>far exceeds</b> the standard expected of an employee this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.   |        |   |   |   |   |
| 4     | Performance significantly above expectations | Performance is <b>significantly higher</b> than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieves all others throughout the year.  |        |   |   |   |   |
| 3     | Fully effective                              | Performance <b>fully meets the standards</b> expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.   |        |   |   |   |   |
| 2     | Not fully effective                          | Performance is <b>below the standard</b> required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan  |        |   |   |   |   |
| 1     | Unacceptable performance                     | Performance <b>does not meet the standard</b> expected for the job. The review/assessment indicates that the employee has achieved almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement. |        |   |   |   |   |

6.7 For purposes of evaluating the **annual performance** of managers directly accountable to the municipal managers, an evaluation panel constituted of the following persons must be established -

- (i) Municipal Manager;
- (ii) Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- (iii) Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; and
- (iv) Municipal manager from another municipality.

## **7. SCHEDULE FOR PERFORMANCE REVIEWS**

7.1 The performance of each employee in relation to his/her performance agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

1<sup>st</sup> quarter: Not later than end of the third week of October.

2<sup>nd</sup> quarter: Not later than end of the third week of January.

3<sup>rd</sup> quarter: Not later than end of the third week of April.

4<sup>th</sup> quarter and annual review: First week of August

7.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.

7.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance.

7.4 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure A from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

7.5 The Employer may amend the provisions of Annexure A whenever the performance management system is adopted, implemented and/or amended as the case may be. In that case the Employee will be fully consulted before any such change is made.

## 8. DEVELOPMENTAL REQUIREMENTS

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The Personal Development Plan (PDP) for addressing developmental gaps is attached as **Annexure B**.

## 9. OBLIGATION OF THE EMPLOYER

### 9.1 The Employer shall –

- a. Create an enabling environment to facilitate effective performance by the employee;
- b. Provide access to skills development and capacity building opportunities;
- c. Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- d. On the request of the Employee delegate such powers reasonably required by the Employee to enable him/her to meet the performance objectives and targets established in terms of this Agreement; and
- e. Make available to the Employee such resources as the Employee may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement.

## 10. CONSULTATION

### 10.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others –

- a. A direct effect on the performance of any of the Employee's functions;
- b. Commit the Employee to implement or to give effect to a decision made by the Employer; and
- c. A substantial financial effect on the Employer.



- 10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 11.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

## **11. MANAGEMENT OF EVALUATION OUTCOMES**

- 11.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 11.2 A performance bonus of 5% to 14% of the inclusive annual remuneration package shall be paid to the Employee in recognition of performance, and subject to an evaluation report provided for in 7.7 *supra*.

The performance bonus will be awarded based on the following scheme:

| <b>FINAL SCORE</b> | <b>BONUS AMOUNT</b>                   |
|--------------------|---------------------------------------|
| 150% - above       | 14 % of inclusive annual package      |
| 146% – 140%        | 10% – 13% of inclusive annual package |
| 141% – 145%        | 10% – 11% of inclusive annual package |
| 140%               | 9 % of inclusive annual package       |
| 136% – 139%        | 7% - 8% of inclusive annual package   |
| 130% - 135%        | 5% - 6% of inclusive annual package   |
| Below 129%         | 0% Bonus                              |

- 11.3 The Employee will be eligible for progression to the next higher remuneration package, within the relevant remuneration band, after completion of at least twelve months (12) service at the current remuneration package on 30 June (End of financial year) subject to a fully effective assessment.
- 11.4 In the case of unacceptable performance, the Employer shall –
- provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and
  - after appropriate performance counselling and having provided



the necessary guidance and/ or support as well as reasonable time for improvement in performance, the Employer may consider steps to terminate the contract of employment of the Employee on grounds of unfitness or incapacity to carry out his or her duties.

## **12. DISPUTE RESOLUTION**

**12.1** Any disputes about the nature of the employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or salary increment in the agreement, must be mediated by –

- (a) In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and
- (b) In the case of managers directly accountable to the municipal manager, the executive mayor or mayor within thirty (30) days of receipt of a formal dispute from the employee;

whose decision shall be final and binding on both parties.

**12.2** Any disputes about the outcome of the employee's performance evaluation, must be mediated by –

- (a) In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and
- (b) In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee;

whose decision shall be final and binding on both parties.

## **13. GENERAL**



**13.1** The contents of this agreement and the outcome of any review conducted in terms of this of Annexure A may be made available to the public by the employer,

- 13.2 Nothing in this agreement diminishes the obligation, duties or accountabilities of the Employee in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

#### 14. SIGNATURES

Signed at **RUSTENBURG** on this ..... day of ..... **2016**.

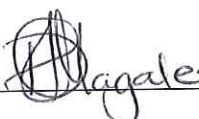
##### AS WITNESSES:

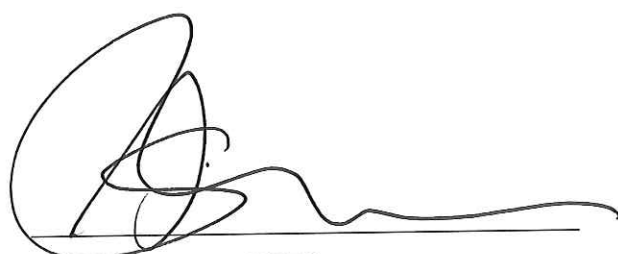
1.  \_\_\_\_\_
2.  \_\_\_\_\_

  
\_\_\_\_\_  
**VICTOR SELLO MAKONA**  
**ACCOUNTING OFFICER**

Signed at **RUSTENBURG** on this 28 day of July **2016**.

##### AS WITNESSES:

1.  \_\_\_\_\_
2. I. Motabae

  
\_\_\_\_\_  
**JAN CASPER PIETERS**  
**DIRECTOR PLANNING AND HUMAN**  
**SETTLEMENT**

# PERFORMANCE PLAN FOR DIRECTOR PLANNING AND HUMAN SETTLEMENT - 2016/2017 FINANCIAL YEAR

| KEY PERFORMANCE AREA   | IDP Priority  | Programme/Project   | KPI No. | Weight | Key Performance Indicators  | Evidence or Performance Standards  | Baseline    | Annual Target | 1 <sup>st</sup>                         | 2 <sup>nd</sup>                  | 3 <sup>rd</sup>                  | 4 <sup>th</sup>                  |
|------------------------|---|---|---------|--------|---|--|-------------|---------------|---|----------------------------------|----------------------------------|----------------------------------|
| Basic Service Delivery | Accelerated delivery and maintenance of quality basic and essential services to all Communities | Revenue generation  | 1       | 6      | Rand value of disposed immovable capital assets   | Copy of signed agreements per quarter.<br>Budget spreadsheet from BTO on rand value  | R 5 000 000 | R 5 000 000   | -                                       | Progress report                  | Progress report                  | R 5 000 000                      |
|                        |   |   |         |        | % release of land to beneficiaries in Lethabong, Phatsima, Monnakato and Dinile Estates                   | Compilation of Data-base (1st quarter)<br>Finalisation of list (second quarter)<br>Allocation of Stands (third quarter)<br>Report on deeds of Transfer concluded (last quarter)              | New         | 100%          | 25%                                     | 50%                              | 75%                              | 100%                             |
|                        |   | Revenue generation  | 3       | 6      | Rand value of revenue generated from Town Planning and Building Control fines                             | Certified Budget spreadsheet from BTO  | R 112 611   | R 49 972      | 20% of target amount R4 997 20          | 30% of target amount R14 991.60  | 70% of target amount R 34 980.40 | 100% of target amount R49 972    |
|                        | Township establishment  | Revenue generation  | 4       | 6      | Rand value of revenue collected from town planning and building control applications submitted to Council | Certified budget spread sheet by BTO   | R 1 347 951 | R 1 191 091   | 25% of target amount R 297 772.75       | 50% of target amount R595 545.50 | 75% of target amount R893 318.25 | 100% target amount R1 191 091    |
|                        |   |   |         |        | Timely Proclamation of Township Boitekong ext 35 and Boitekong 25 by target date                          | Progress report on execution of proclamation process (first quarter)<br>Proclamation notice Boitekong 35 (third quarter) Proclamation notice<br>Proclamation notice Boitekong 25 3rd quarter | Jun-16      | Mar-17        | Progress report on proclamation process | Proclamation notice Boitekong 35 | Mar-17                           | 0                                |
|                        |   | Creation of enabling environment for human settlement development               | 6       | 6      | Completion of 400 houses in Meriting Ext 4 & 5 by target date   | Signed happy letters   | 28 houses   | Jun-17        | 100 houses                              | 200 houses                       | 300 houses                       | Jun-17                           |
|                        | Revenue generation  | Construction of 200 top structures in Seraleng Phase 2 for Yizo Yizo Relocation | 7       | 5      | Happy letters   | Happy letters  | 500         | 200           | Complete 50 houses                      | Complete 100 houses              | Complete 150 houses              | Complete 200 houses              |
|                        |   |   |         |        | Appointment of SHRA accredited Service Provider by December 2016 to manage Marikana Ext 2 Rental Units    | Progress report on procurement process 1st quarter<br>Appointment Letter 2nd quarter   | 0           | Dec-16        | Progress report on procurement process  | Dec-16                           | 0                                | 0                                |
|                        |   | 30% of housing rental collection  | 9       | 6      | Certified budget spreadsheet from BTO   | Certified budget spreadsheet from BTO  |             | R4 086 662    | 25% of target amount R102 165.50        | 50% of target amount R204 331    | 75% of target amount R306 496.50 | 100% of target amount R4 086 662 |

| Ensure municipal financial viability and management | Implement sound and sustainable Financial Management and compliance controls | Operating budget management   | 10 | 5   | Percentage expenditure on approved operating budget  | Certified budget spreadsheet by BTO                                   | 0%  | 95%   | 20% of target amount | 50% of target amount | 70% of target amount | 95% of target amount |
|---|--|-------------------------------|----|-----|--|---|---|---|----------------------|----------------------|----------------------|----------------------|
| Good Governance                                     | Drive good governance and legislative compliance in all municipal processes  | Overtime management           | 11 | 5   | Percentage expenditure on overtime not exceeding approved budget   | Certified budget spreadsheet by BTO                                   | 0%  | 0%  | 0%                   | 0%                   | 0%                   | 0%                   |
|   |  |                               | 12 | 5   | Date of submission of the inputs for the review / amendment of the IDP   | Acknowledgement of receipt  |   | February 2017 (Draft)<br>April 2017 (final) | -                    | -                    | Feb-17               | Apr-17               |
|   |  | Budget Implementation         | 13 | 5   | Date of submission of the Technical Service Delivery and Budget Implementation Plan that is aligned to the IDP | Acknowledgement of receipt  | Jun-16  | Jun-17                                      | -                    | -                    | -                    | Jun-17               |
|   |  | Performance Management System | 14 | 6   | Quarterly Performance Assessment with 4 direct reportees   | Attendance Register<br>Performance feedback<br>Performance Agreements | 4   | 4   | 1                    | 2                    | 3                    | 4                    |
|   |  |                               | 15 | 5   | Date of conclusion of performance agreements with unit managers  | Signed Performance Agreements   | Jun-16  | Jun-17                                      | -                    | -                    | -                    | june 2017            |
|   |  |                               | 16 | 6   | Date of submission of the directorate's quarterly performance Reports  | Acknowledgement of receipt  | Date as agreed with MM                                      | Date as agreed with MM                      | 10-Oct-16            | 06-Jan-17            | 07-Apr-17            | 11-Jul-17            |
|   |  | Risk Management               | 17 | 5   | Quarterly updates on Risk mitigation and implementation of mitigation plans                                    | Impact of execution plan to minimize risks and Risk Register          | 4   | 4   | 1                    | 2                    | 3                    | 4                    |
|   |  | Operation Clean Audit         | 18 | 5   | Percentage implementation of the audit action plan   | Audit Action plan Report on implementation of action plan             | 2 working days for external and 5 working days for internal | 100   | 100                  | 100                  | 100                  | 100                  |
|   |  |                               |    | 100 |  |   |   |   |                      |                      |                      |                      |

JAN CASPER PIETERS  
DIRECTOR PLANNING & HUMAN SETTLEMENT

DATE : 28 July 2016

S V MAKONA  
ACTING MUNICIPAL MANAGER

DATE : 28 July 2016