

RUSTENBURG LOCAL MUNICIPALITY



PERFORMANCE AGREEMENT

MADE AND ENTERED BY AND BETWEEN:

**THE RUSTENBURG LOCAL MUNICIPALITY
REPRESENTED BY**

ADVOCATE A.R. KHUDUGE

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

(the "Parent Municipality")

and

the Rustenburg Water Services Trust (the "Municipal Entity")

represented by:

MR MOABI PITSI

in his capacity as the Trust Chief Executive Officer

(Collectively referred to as the "Parties")

FOR THE

FINANCIAL YEAR: 1 JULY 2024 – 30 JUNE 2025

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Annexure: A Performance Scorecard

PERFORMANCE AGREEMENT

ENTERED BY AND BETWEEN:

The Rustenburg Local Municipality represented by Advocate Ashmar Khuduge in his capacity as Municipal Manager (hereinafter referred to as the Accounting Officer)

and

Moabi Pitsi in his capacity as Trust Chief Executive Officer of the municipal entity (hereinafter referred to as the entity).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The Parent Municipality and the Trust are hereinafter referred to as "the Parties".
- 1.2 Section 93B 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 Trust 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 93B. of the Municipal Systems Act.

2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to -

- 2.1 comply with the provisions of Section 93B. of the Systems Act as well as the Contract of Employment entered between the parties.
- 2.2 specify objectives and targets established for the Trust and to communicate to the Trust the Parent Municipality's expectations of the Trust's performance expectations and accountabilities.
- 2.3 specify accountabilities as set out in the Performance Scorecard (Annexure A).
- 2.4 monitor and measure performance against set targeted outputs.
- 2.5 use the Performance Agreement and Performance Scorecard as the basis for assessing whether the Trust has met the performance expectations.
- 2.6 give effect to the Parent Municipality's commitment to a performance-orientated relationship with the municipal entity 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 **1 July 2024 and will remain in force until 30 June 2025**, where after a new Performance Agreement, and Performance Scorecard shall be concluded between the parties for the next financial year or any portion thereof.
- 3.2 The parties are entitled to review the provisions of this Agreement at the end of each financial year. In that regard, the parties shall conclude a new Performance Agreement and Performance Scorecard that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.
- 3.3 This Agreement shall come to an end on the disestablishment of the entity or be terminated in terms of the provisions of the trust deed agreement.
- 3.4 If at any time during the currency 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 Scorecard as contained in Annexure A sets out :
- a. the performance objectives and targets that must be met by the municipal entity; 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 Parent Municipality in consultation with the municipal entity and based on the Trust Deed and the Budget of the Parent Municipality 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 performed. 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 Municipal entity performance will in addition, be measured in terms of contributions to the goals and strategies set out in the Trust Deed.

5. PERFORMANCE MANAGEMENT SYSTEM

- 5.1 The municipal entity agrees to participate in the performance management system that the Parent Municipality adopts or introduces for the Parent Municipality, management and staff of the Parent Municipality.
- 5.2 The municipal entity accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the Parent Municipality, management, and staff to perform to the acceptable standards required.
- 5.3.1 The Parent Municipality shall on regular basis consult the municipal entity about the agreed specific performance standards that have to be included in the performance management system as applicable to the municipal entity.
- 5.3.2 Capacities and/or instances which the Trust cannot control will not be regarded as measurable items.
- 5.4 The municipal entity undertakes to actively focus on the promotion and implementation of the Key Performance Areas (KPAs) (including special projects relevant to the municipal entity responsibilities) within the local government framework.
- 5.5 The municipal entity performance assessment will be based on its performance in terms of the outputs/outcomes (performance indicators) identified as per the performance scorecard which are linked to the KPA's, which constitute 100% of the overall assessment result as per the weightings agreed to between the Parent Municipality and the Trust.

KEY PERFORMANCE AREAS	WEIGHTING
Basic Service Delivery/Environmental Compliance	90
Municipal Institutional Development and Transformation	0
Local Economic Development	0
Financial Viability	10
Good Governance and Public Participation	0
Total	100%

Refer to Annexure A.

6 EVALUATING PERFORMANCE

--- 6.1 The Performance Scorecard as contained in **Annexure A** to this Agreement shall sets out :

- a. the standards and procedures for evaluating the municipal entity performance; and
- b. the intervals for the evaluation of the municipal entity performance.

6.2 Despite the establishment of agreed intervals for evaluation, the Parent Municipality may in addition review the municipal entity performance at any time during the currency of the municipal entity while the performance agreement is in place.

6.3 The annual performance appraisal will involve:

6.3.1 Assessment of the achievement of results as outlined in the performance scorecard:

- a) Each key performance area should be assessed according to the extent to which the specified standards or performance indicators have been met.
- b) An indicative rating on the five-point scale should be provided for each key performance area.
- c) 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.

6.3.2. Overall rating

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

6.4 The assessment of the performance of the municipal entity will be based on the following rating scale for KPA's:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of a Trust at this level. The appraisal indicates that the Trust has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance Scorecard and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Trust 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 fully meets the standards expected in all areas of the job. The appraisal indicates that the Trust has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Scorecard.					
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the Trust has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Scorecard.					
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the Trust has achieved almost all the performance criteria and indicators as specified in the PA and Performance Scorecard. The Trust 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.					

6.5 For purposes of evaluating the **annual performance** of municipal entity, an evaluation panel constituted of the following persons must be established by RLM-

- (a) Municipal Manager.
- (b) Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee.

- (c) Member of the mayoral committee responsible for technical and infrastructure services; and
- (d) Member of the trust executive Committee

7. SCHEDULE FOR PERFORMANCE REVIEWS

- 7.1 The performance of the municipal entity in relation to its 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:
- 1st quarter: Not later than end of the third week of November.
 - 2nd quarter: Not later than end of the third week of January.
 - 3rd quarter: Not later than end of the third week of May.
 - 4th quarter and annual review: First week of September
- 7.2 The Parent Municipality shall keep a record of the mid-year review and annual assessment meetings.
- 7.3 Performance feedback shall be based on the Parent Municipality's assessment of the municipal entity performance.
- 7.4 The Parent Municipality and the entity, after mutual agreement will be entitled to review and make reasonable changes to the provisions of **Annexure A** from time to time for operational reasons. The municipal entity will be fully consulted before any such change is made.
- 7.5 The Parent Municipality may at any time during the adoption, or implementation stage of the performance management stage consult with the municipal entity for the purpose of amending the provisions as contained in **Annexure A**.

8. OBLIGATION OF THE PARENT MUNICIPALITY

The Parent Municipality shall –

- a. Create an enabling environment to facilitate effective performance management by the municipal entity.
- b. Work collaboratively with the municipal entity to resolve problems and generate solutions to common problems that may impact on the performance of the municipal entity.
- c. Notwithstanding the standards set by this performance agreement, the municipal entity cannot be held liable for failure to meet the performance standards if it can be proved that such failure was not due to the fault of the municipal entity.
- d. The Parent Municipality may at the request of the municipal entity delegate such powers or functions to the municipal entity to enable it to meet the set performance objectives and targets established in terms of this Agreement; and
- e. May within its means provide or avail such necessary resources to the municipal entity as may reasonably be required from time to time to assist in the meeting of the performance objectives and targets as established in terms of this Agreement.
- f. The Parent Municipality must ensure that the municipal entity comply with the Municipal System Act, MFMA and any other applicable legislation.
- g. The parent municipality should create clear communication channels with the municipal entity as well as to allow the Board of Trustees and the Trust Administrator to fulfil their responsibilities .

9. CONSULTATION

- 9.1 The Parent Municipality agrees to consult the municipal entity on regular basis when exercising any power.
- 9.2 The Parent Municipality agrees to inform the municipal entity of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 9.1 as soon as is practicable to enable the municipal entity to take any necessary action without delay.

10. MANAGEMENT OF EVALUATION OUTCOMES

- 10.1 The evaluation of the municipal entity performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 10.2 In the case of unacceptable performance, the Board of Trustees shall –
- a. provides systematic remedial or developmental support to assist the municipal entity to improve its or her performance.

11. DISPUTE RESOLUTION

Any disputes relating to the performance agreement, whether it relates to interpretation of the performance agreement, key responsibilities, priorities, methods of assessment in the agreement, must be referred for mediation by the aggrieved party within a period of 5 days from the date of the dispute . In which case, the mediator shall be –

- (a) the Executive Mayor of the parent municipality.
- (b) Such dispute shall be resolved within a period of 30 days after the dispute has been referred for mediation.
- (c) The decision of the mediators shall be final and binding to the parties.

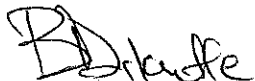

12. GENERAL

- 12.1 The contents of this agreement and the outcome of any review conducted in terms of this performance scorecard as contained in Annexure A shall be made available to the public by the Parent Municipality.
- 12.2 Nothing in this agreement diminishes the obligation, duties, or accountabilities of the Trust in terms of the service level agreement or the effects of existing or new regulations, circulars, policies, directives, or other instruments.

13. SIGNATURES

Signed at Rustenburg on this 05 day of July 2024 2024.

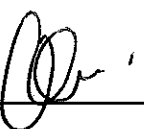
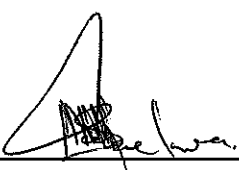
AS WITNESSES:

1. 
2. 


MR MOABI PITSI
CHIEF EXECUTIVE OFFICER

Signed at Rustenburg on this 06th day of July 2024.

AS WITNESSES:

1. 
2. 


ADVOCATE A.R. KHUDUGE
MUNICIPAL MANAGER

1. PERFORMANCE PLAN SCORECARD FOR THE RWST

2.1 Key Performance Area (KPA 5): Basic Services and Infrastructure Development

Key Focus Area/Goal	Strategies	Area/Ward Served	KPI No.	IDP Ref	Weighting	Key Performance Indicator (KPI)	Baseline 2024/25	Portfolio of Evidence	2024/25 Annual Target	Annual Budget 2024/25 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
1. MUNICIPAL STRATEGIC OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all Communities																
1.1. Municipal Strategic Objective: Accelerated delivery and maintenance of quality basic and essential services to all Communities																
WATER SERVICES																
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	1	OBJ 3	5	Number of functional sewer purification plants operated in terms of Trust Deed	4	4 x log sheets of volumes of purification plants for Boitekong, Lelhabong, Rustenburg and Monakato.	4	R74.2	Q1	4				
											Q2	4				
											Mid-Year	4				
											Q3	4				
											Q4	4				
											Annual	4				
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	2.1	OBJ 3	5	Number of sewer purification plants maintained in terms of the Trust Deed	4	Maintenance history for Boitekong, Lelhabong, Rustenburg and Monakato.	4	R13.3	Q1	4				
											Q2	4				
											Mid-Year	4				
											Q3	4				
											Q4	4				
											Annual	4				
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	2.2	OBJ 3	5	% Plant availability of sewer purification plants maintained in terms of agreed standards	85%	Reports of 4 plants, assessing 10 selected items	85%	R13.3	Q1	85%				
											Q2	85%				
											Mid-Year	85%				
											Q3	85%				
											Q4	85%				
											Annual	85%				

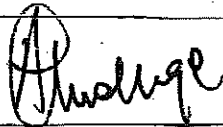

Key Focus Area/Goal	Strategies	Area/Ward Served	KPI No.	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2024/25	Portfolio of Evidence	2024/25 Annual Target	Annual Budget 2024/25 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Waste Water Supply	14, 15, 16	3	OBJ 5	10	Volume of treated waste water supplied to the industrial water off-takers in terms of the Off-take Agreement	Average 25Ml/day	Anglo & Impala log sheets	Average 25Ml/day	R86.2	Q1	25 Ml/day				
											Q2	25 Ml/day				
											Mid-Year	25 Ml/day				
											Q3	25 Ml/day				
											Q4	25 Ml/day				
											Annual	25 Ml/day				
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Waste Water Supply	All	4	OBJ 3	10	Percentage compliance in the treatment of the sewerage at Waste Water Treatment Works in terms of Anglo/DWS license agreement	90%	4 tables on water quality + lab certificates	90%	R61.5	Q1	90%				
											Q2	90%				
											Mid-Year	90%				
											Q3	90%				
											Q4	90%				
											Annual	90%				
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	5	OBJ 3 + 4	5	Number of water treatment works operated	2	2 x log sheets of volumes for Bospoort and Kloof	2	R43.5	Q1	2				
											Q2	2				
											Mid-Year	2				
											Q3	2				
											Q4	2				
											Annual	2				
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	6.1	OBJ 3 + 4	5	% Plant availability of water purification plants maintained in terms of agreed standards	85%	2 reports for Bospoort and Kloof assessing 10 selected items	85%	R13.3	Q1	85%				
											Q2	85%				
											Mid-Year	85%				
											Q3	85%				
											Q4	85%				
											Annual	85%				

Key Focus Area/Goal	Strategies	Area/Mod Served	KPI No.	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2024/25	Portfolio of Evidence	2024/25 Annual Target	Annual Budget 2024/25 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	6.2	OBJ.3 + 4	5	Number of water purification plants maintained in terms of the Trust Deed	2	Maintenance history for Bospoort and Kloof	2	R13.3	Q1	2				
											Q2	2				
											Mid-Year	2				
											Q3	2				
											Q4	2				
											Annual	2				
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Supply	All	7	OBJ.4	10	Volume of potable water supplied to RLM in accordance with the Water Supply Agreement	Average 10.8 Midday	2 x log sheets for Bospoort and Kloof	Average 10.8 Midday	R43.5	Q1	Average 10.8 Midday				
											Q2	Average 10.8 Midday				
											Mid-Year	Average 10.8 Midday				
											Q3	Average 10.8 Midday				
											Q4	Average 10.8 Midday				
											Annual	Average 10.8 Midday				
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Supply	All	8	OBJ.4	10	Percentage compliance in the treatment of water at Water Treatment Works in terms of SANS standards	95%	2 x water quality reports and lab certificates	95%	R18.4	Q1	95%				
											Q2	95%				
											Mid-Year	95%				
											Q3	95%				
											Q4	95%				
											Annual	95%				
Financial	Financial	All	9	OBJ.3	10	Maintain a debt service ratio covenant - to ensure cost effectiveness.	1.5	Quarterly financial statement, refer to DSCR	1.5 times	1.5 times	Q1	>1.5				
											Q2	>1.5				
											Mid-Year	>1.5				
											Q3	>1.5				
											Q4	>1.5				
											Annual	>1.5				

Key Focus Area/Goal	Strategies	Area/Ward Served	KPI No.	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2024/25	Portfolio of Evidence	2024/25 Annual Target	Annual Budget 2024/25 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
Good Governance	Good Governance	All	10		5	Percentage of Implementation of the Post Audit Action Plan (PAAP)	2	Quarterly PAAP implementation report	100%	-	Q1	2				
											Q2	2				
											Mid-Year	2				
											Q3	2				
											Q4	2				
											Annual	2				
TOTAL	TOTAL				100						Q1			/36		
											Q2			/36		
											Mid-Year			/36		
											Q3			/36		
											Q4			/36		
											Annual			/36		

Key Performance Areas (KPAs)	KPI No.	KPA Weightings	KPI Score	Assess Weightings	Weighted Score	Panel Score
Number of functional sewer purification plants operated in terms of Trust Deed	1	3	/3	%		
Number of sewer purification plants maintained in terms of agreed standards	2.1	3	/3	%		
Plant availability of sewer purification plants maintained in terms of agreed standards	2.2	3	/3	%		
Volume of treated wastewater supplied to the industrial water off-takers in terms of the Off-take Agreement	3	3	/3	%		
Percentage compliance in the treatment of sewerage at Waste Water Treatment Works in terms of DWS license agreement	4	3	/3	%		
Number of water treatment works operated in terms of agreed standards	5	3	/3	%		
Plant availability: Number of water treatment works maintained	6.1	3	/3	%		
Plant maintenance of water treatment works maintained	6.2	3	/3	%		
Volume of potable water supplied to RLM in accordance with the Water Supply Agreement	7	3	/3	%		
Percentage compliance in the treatment of water at Water Treatment Works in terms of DWS license	8	3	/3	%		
Debt Service Cover Ratio >1,5 times	9	3	/3	%		
Good Governance	10	3	/3	%		
Total KPA		36	/36	%	/36	

Signatures

SIGNED AND ACCEPTED ON BEHALF OF COUNCIL	SIGNED AND ACCEPTED BY THE TRUST CHAIRPERSON
NAME: ADVOCATE AR KHUDUGE	NAME: MR MOABI PITSI
SIGNATURE: 	SIGNATURE: 
DATE: 06 July 2024	DATE: 05 July 2024