



PERFORMANCE AGREEMENT

MADE AND ENTERED into by and between

PHUMELELA LOCAL MUNICIPALITY

AS REPRESENTED BY THE MUNICIPAL MANAGER

NOMVULA FRANCINA MALATJIE
(HEREIN REFERRED AS "EMPLOYER")

AND

NTABEJANE FRANCIS RALEBENYA
CHIEF FINANCIAL OFFICER
(Identity Number: 840724 5914 089)

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1. INTRODUCTION

- 1.1 The **Employer** has entered into a contract of employment with the **Employee** in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). 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 within one (1) month after the beginning of each financial year of the municipality.
- 1.3 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 Act as well as the employment contract entered into between the parties;
- 2.2 Specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- 2.3 Specify accountabilities as set out in a performance plan, which forms as **Annexure A** to the performance agreement;
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.6 In the event of outstanding performance, to appropriately reward the employee; and
- 2.7 Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3 COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the **1st November 2018** and will remain in force until the **30 January 2019** thereafter 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 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.

- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) 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-
- 4.1.1 The performance objectives and targets that must be met by the **Employee**; and
 - 4.1.2 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, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include key objectives; key performance indicators; target dates and weightings.
- 4.2.1 The key objectives describe the main tasks that need to be done.
 - 4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.
 - 4.2.3 The target dates describe the timeframe in which the work must be achieved.
 - 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 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 KPAs (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 shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

- 5.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Requirements (CRs) respectively.
- 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3 KPAs covering the main areas of work will account for 80% and CRs will account for 20% of the final assessment.
- 5.5.4 The total score must be determined using the rating calculator.
- 5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (**Annexure A**), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	5%
Municipal Institutional Development and Transformation	20%
Local Economic Development (LED)	5%
Municipal Financial Viability and Management	60%
Good Governance and Public Participation	10%
Total	100%

- 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 CRs will make up the other 20% of the Employee's assessment score. CRs 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 Employee.

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness 	15%
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management 	15%
Program and Project Management	<ul style="list-style-type: none"> • Program and Project 	15%

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
	Planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation	
Financial Management	• Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring	10%
Change Leadership	• Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation	10%
Governance Leadership	• Policy Formulation • Risk and Compliance Management • Cooperative Governance	5%
CORE COMPETENCIES		
Moral Competence		
Planning and Organising		
Analysis and Innovation		15%
Knowledge and Information Management		
Communication		5%
Results and Quality Focus		10%
Total percentage	-	100%

6. EVALUATING PERFORMANCE

- 6.1 The Performance Plan (Annexure A) to this Agreement sets out -
- 6.1.1 The standards and procedures for evaluating the Employee's performance; and
- 6.1.2 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:

6.5.1 Assessment of the achievement of results as outlined in the performance plan:

- (a) 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.
- (b) An indicative rating on the five-point scale should be provided for each KPA.
- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

6.5.2 Assessment of the CRs

- (a) Each CR should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CR.
- (c) This rating should be multiplied by the weighting given to each CR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CR score.

6.5.3 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 CRs:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at 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.					

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Level	Terminology	Description	Rating				
			1	2	3	4	5
4	Performance significantly above expectations	Performance is significantly higher 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 achieved 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 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 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 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 does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against 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 the municipal manager, an evaluation panel constituted of the following persons must be established -

- 6.7.1 Executive Mayor or Mayor;
- 6.7.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.7.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
- 6.7.4 Mayor and/or municipal manager from another municipality; and
- 6.7.5 Member of a ward committee as nominated by the Executive Mayor or Mayor.

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6.9 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).

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:

Quarter	Period	Target Month
First	01 July – 30 September 2018	Before 31 October 2018
Second	01 October - 31 December 2018	Before 31 January 2019
Third	01 January – 31 March 2019	Before 30 April 2019
Fourth	01 April – 30 June 2019	Before 31 July 2019

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

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

9. OBLIGATIONS OF THE EMPLOYER

9.1 The Employer shall –

9.1.1 Create an enabling environment to facilitate effective performance by the employee;

9.1.2 Provide access to skills development and capacity building opportunities;

- 9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- 9.1.4 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
- 9.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time assisting 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 –
 - 10.1.1 A direct effect on the performance of any of the Employee's functions;
 - 10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
 - 10.1.3 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 10.1 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 ranging from 5% to 14% of the total remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:
 - 11.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
 - 11.2.2 A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

The performance bonus in recognition of outstanding performance as contemplated clause 11.2 shall be constituted as follows:-

SCORE	BONUS%
130-133	5%
134-137	6%
138-141	7%
142-145	8%
146-149	9%
150-153	10%
154-157	11%
158-161	12%
162-165	13%
164-167	14%

11.3 In the case of unacceptable performance, the Employer shall –

11.3.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and

11.3.2 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 any other matter provided for, shall be mediated by –

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or

12.1.2 Any other person appointed by the MEC.

12.1.3 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) of the Municipal Performance Regulations, 2006, 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 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13. GENERAL

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

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

13.3 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed at Vrede, on this the..... day of December 2018.

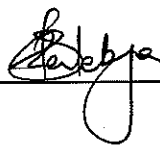
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AS WITNESSES: FOR THE EMPLOYEE


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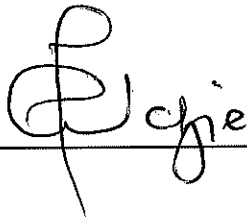
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Employee: 

AS WITNESSES: FOR THE EMPLOYER

1. 

2. 

Employer: 



PERFORMANCE AGREEMENT

MADE AND ENTERED into by and between

PHUMELELA LOCAL MUNICIPALITY

AS REPRESENTED BY THE MUNICIPAL MANAGER

NOMVULA FRANCINA MALATJIE
(HEREIN REFERRED AS "EMPLOYER")

AND

MALEFETSANE LESLIE MOKOENA
DIRECTOR TECHNICAL SERVICES
(Identity Number: 810314 5472 084)

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1. INTRODUCTION

- 1.1 The **Employer** has entered into a contract of employment with the **Employee** in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). 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 within one (1) month after the beginning of each financial year of the municipality.
- 1.3 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 Act as well as the employment contract entered into between the parties;
- 2.2 Specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- 2.3 Specify accountabilities as set out in a performance plan, which forms as **Annexure A** to the performance agreement;
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.6 In the event of outstanding performance, to appropriately reward the employee; and
- 2.7 Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the **1st November 2018** and will remain in force until the **31 December 2019** thereafter 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 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.

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- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) 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-
- 4.1.1 The performance objectives and targets that must be met by the **Employee**; and
 - 4.1.2 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, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include key objectives; key performance indicators; target dates and weightings.
- 4.2.1 The key objectives describe the main tasks that need to be done.
 - 4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.
 - 4.2.3 The target dates describe the timeframe in which the work must be achieved.
 - 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 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 KPAs (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 shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

- 5.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Requirements (CRs) respectively.
- 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3 KPAs covering the main areas of work will account for 80% and CRs will account for 20% of the final assessment.
- 5.5.4 The total score must be determined using the rating calculator.
- 5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (**Annexure A**), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	50%
Municipal Institutional Development and Transformation	20%
Local Economic Development (LED)	5%
Municipal Financial Viability and Management	15%
Good Governance and Public Participation	10%
Total	100%

- 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 CRs will make up the other 20% of the Employee's assessment score. CRs 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 Employee.

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness 	10
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management 	10
Program and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and 	30

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COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
	<ul style="list-style-type: none"> • Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation 	
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring 	10
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation 	
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance 	20
CORE COMPETENCIES		
Moral Competence		
Planning and Organising		
Analysis and Innovation		10
Knowledge and Information Management		
Communication		5
Results and Quality Focus		5
Total percentage	-	100%

6. EVALUATING PERFORMANCE

- 6.1 The Performance Plan (Annexure A) to this Agreement sets out -
- 6.1.1 The standards and procedures for evaluating the Employee's performance; and
- 6.1.2 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:

6.5.1 Assessment of the achievement of results as outlined in the performance plan:

- (a) 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.
- (b) An indicative rating on the five-point scale should be provided for each KPA.
- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

6.5.2 Assessment of the CRs

- (a) Each CR should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CR.
- (c) This rating should be multiplied by the weighting given to each CR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CR score.

6.5.3 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 CRs:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at 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 significantly higher 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 achieved all others throughout the year.					

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Level	Terminology	Description	Rating				
			1	2	3	4	5
3	Fully effective	Performance fully meets the standards 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 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 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 does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against 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 the municipal manager, an evaluation panel constituted of the following persons must be established -

- 6.7.1 Executive Mayor or Mayor;
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- 6.7.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
- 6.7.4 Mayor and/or municipal manager from another municipality; and
- 6.7.5 Member of a ward committee as nominated by the Executive Mayor or Mayor.

6.9 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).

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:

Quarter	Period	Target Month
First	01 July – 30 September 2018	Before 31 October 2018
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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

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

9. OBLIGATIONS OF THE EMPLOYER

9.1 The Employer shall –

9.1.1 Create an enabling environment to facilitate effective performance by the employee;

9.1.2 Provide access to skills development and capacity building opportunities;

9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;

9.1.4 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

SCORE	BONUS%
130-133	5%
134-137	6%
138-141	7%
142-145	8%
146-149	9%
150-153	10%
154-157	11%
158-161	12%
162-165	13%
164-167	14%

9.1.5 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 –
- 10.1.1 A direct effect on the performance of any of the Employee's functions;
 - 10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
 - 10.1.3 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 10.1 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 ranging from 5% to 14% of the total remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:
- 11.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
 - 11.2.2 A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

The performance bonus in recognition of outstanding performance as contemplated clause 11.2 shall be constituted as follows:-

- 11.3 In the case of unacceptable performance, the Employer shall –

11.3.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and

11.3.2 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 any other matter provided for, shall be mediated by –

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or

12.1.2 Any other person appointed by the MEC.

12.1.3 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) of the Municipal Performance Regulations, 2006, 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 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13. GENERAL

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

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

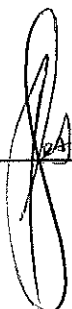
13.3 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed at **Vrede**, on this the..... day of **December 2018**.

AS WITNESSES: FOR THE EMPLOYEE

1. 

2. 

Employee: 

AS WITNESSES: FOR THE EMPLOYER

1. [Signature]

2. [Signature]

Employer [Signature]



PERFORMANCE AGREEMENT

MADE AND ENTERED into by and between

PHUMELELA LOCAL MUNICIPALITY

AS REPRESENTED BY THE MUNICIPAL MANAGER

NOMVULA FRANCINA MALATJIE
(HEREIN REFERRED AS "EMPLOYER")

AND

NKOATI SOLOMON KOBELI
DIRECTOR CORPORATE SERVICES
(Identity Number: 6607085455083)

NF *NKO*

1. INTRODUCTION

- 1.1 The **Employer** has entered into a contract of employment with the **Employee** in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). 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 within one (1) month after the beginning of each financial year of the municipality.
- 1.3 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 Act as well as the employment contract entered into between the parties;
- 2.2 Specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- 2.3 Specify accountabilities as set out in a performance plan, which forms as **Annexure A** to the performance agreement;
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.6 In the event of outstanding performance, to appropriately reward the employee; and
- 2.7 Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the **1st November 2018** and will remain in force until the **31 December 2019** thereafter 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 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.

- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) 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-
- 4.1.1 The performance objectives and targets that must be met by the **Employee**; and
 - 4.1.2 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, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include key objectives; key performance indicators; target dates and weightings.
- 4.2.1 The key objectives describe the main tasks that need to be done.
 - 4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.
 - 4.2.3 The target dates describe the timeframe in which the work must be achieved.
 - 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 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 KPAs (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 shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

- 5.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Requirements (CRs) respectively.
- 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3 KPAs covering the main areas of work will account for 80% and CRs will account for 20% of the final assessment.
- 5.5.4 The total score must be determined using the rating calculator.
- 5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (**Annexure A**), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	5%
Municipal Institutional Development and Transformation	40%
Local Economic Development (LED)	10%
Municipal Financial Viability and Management	10%
Good Governance and Public Participation	35%
Total	100%

- 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 CRs will make up the other 20% of the Employee's assessment score. CRs 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 Employee.

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness 	20
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management 	15
Program and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and Implementation 	5

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COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
	<ul style="list-style-type: none"> • Service Delivery Management • Program and Project Monitoring and Evaluation 	
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring 	10
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation 	10
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance 	20
CORE COMPETENCIES		
Moral Competence		
Planning and Organising		
Analysis and Innovation		
Knowledge and Information Management		10
Communication		10
Results and Quality Focus		
Total percentage	-	100%

6. EVALUATING PERFORMANCE

- 6.1 The Performance Plan (Annexure A) to this Agreement sets out -
- 6.1.1 The standards and procedures for evaluating the Employee's performance; and
- 6.1.2 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:
- 6.5.1 **Assessment of the achievement of results as outlined in the performance plan:**

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- (a) 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.
- (b) An indicative rating on the five-point scale should be provided for each KPA.
- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

6.5.2 Assessment of the CRs

- (a) Each CR should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CR.
- (c) This rating should be multiplied by the weighting given to each CR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CR score.

6.5.3 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 CRs:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at 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 significantly higher 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 achieved all others throughout the year.					

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Level	Terminology	Description	Rating				
			1	2	3	4	5
3	Fully effective	Performance fully meets the standards 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 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 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 does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against 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 the municipal manager, an evaluation panel constituted of the following persons must be established -

- 6.7.1 Executive Mayor or Mayor;
- 6.7.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.7.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
- 6.7.4 Mayor and/or municipal manager from another municipality; and
- 6.7.5 Member of a ward committee as nominated by the Executive Mayor or Mayor.

6.9 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).

7. SCHEDULE FOR PERFORMANCE REVIEWS

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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:

Quarter	Period	Target Month
First	01 July – 30 September 2018	Before 31 October 2018
Second	01 October - 31 December 2018	Before 31 January 2019
Third	01 January – 31 March 2019	Before 30 April 2019
Fourth	01 April – 30 June 2019	Before 31 July 2019

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

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

9. OBLIGATIONS OF THE EMPLOYER

9.1 The Employer shall –

- 9.1.1 Create an enabling environment to facilitate effective performance by the employee;
- 9.1.2 Provide access to skills development and capacity building opportunities;
- 9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- 9.1.4 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

MP


SCORE	BONUS%
130-133	5%
134-137	6%
138-141	7%
142-145	8%
146-149	9%
150-153	10%
154-157	11%
158-161	12%
162-165	13%
164-167	14%

9.1.5 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 –
- 10.1.1 A direct effect on the performance of any of the Employee's functions;
 - 10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
 - 10.1.3 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 10.1 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 ranging from 5% to 14% of the total remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:
- 11.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
 - 11.2.2 A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

The performance bonus in recognition of outstanding performance as contemplated clause 11.2 shall be constituted as follows:-

- 11.3 In the case of unacceptable performance, the Employer shall –

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- 11.3.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and
- 11.3.2 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

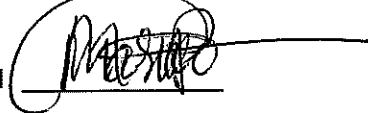
- 12.1 Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or any other matter provided for, shall be mediated by –
 - 12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or
 - 12.1.2 Any other person appointed by the MEC.
 - 12.1.3 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) of the Municipal Performance Regulations, 2006, 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 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

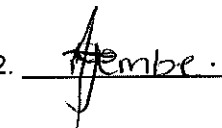
13. GENERAL

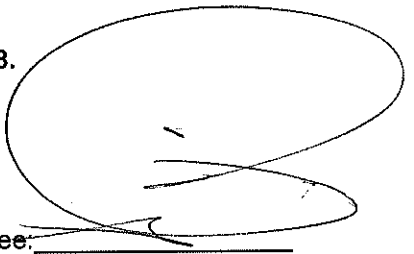
- 13.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Employer.
- 13.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/ her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.
- 13.3 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed at **Vrede**, on this the..... day of **December 2018**.


AS WITNESSES: FOR THE EMPLOYEE


1. 

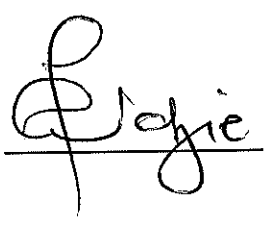
2. 


Employee: _____

AS WITNESSES: FOR THE EMPLOYER

1. 

2. 

Employer 



PERFORMANCE AGREEMENT

MADE AND ENTERED into by and between

PHUMELELA LOCAL MUNICIPALITY

AS REPRESENTED BY THE EXECUTIVE MAYOR

TLOKOTSI JOHN MOTAUNG
(HEREIN REFERRED AS "EMPLOYER")

AND

NOMVULA FRANCINA MALATJIE
MUNICIPAL MANAGER
(Identity Number: 6910210526087)

1. INTRODUCTION

- 1.1 The **Employer** has entered into a contract of employment with the **Employee** in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). 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 within one (1) month after the beginning of each financial year of the municipality.
- 1.3 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 Act as well as the employment contract entered into between the parties;
- 2.2 Specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- 2.3 Specify accountabilities as set out in a performance plan, which forms as **Annexure A** to the performance agreement;
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.6 In the event of outstanding performance, to appropriately reward the employee; and
- 2.7 Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3 COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the **1st July 2018** and will remain in force until the **30 June 2019** thereafter 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 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.

- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) 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-
- 4.1.1 The performance objectives and targets that must be met by the **Employee**; and
 - 4.1.2 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, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include key objectives; key performance indicators; target dates and weightings.
- 4.2.1 The key objectives describe the main tasks that need to be done.
 - 4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.
 - 4.2.3 The target dates describe the timeframe in which the work must be achieved.
 - 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 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 KPAs (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 shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

- 5.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Requirements (CRs) respectively.
- 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3 KPAs covering the main areas of work will account for 80% and CRs will account for 20% of the final assessment.
- 5.5.4 The total score must be determined using the rating calculator.
- 5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (**Annexure A**), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	25%
Municipal Institutional Development and Transformation	20%
Local Economic Development (LED)	7%
Municipal Financial Viability and Management	30%
Good Governance and Public Participation	18%
Total	100%

- 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 CRs will make up the other 20% of the Employee's assessment score. CRs 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 Employee.

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness 	10
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management 	10

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Program and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation 	10
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring 	20
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation 	10
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance 	10
CORE COMPETENCIES		
Moral Competence		
Planning and Organising		10
Analysis and Innovation		5
Knowledge and Information Management		5
Communication		
Results and Quality Focus		10
Total percentage	-	100%

6. EVALUATING PERFORMANCE

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

6.1.1 The standards and procedures for evaluating the Employee's performance; and

6.1.2 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:

6.5.1 Assessment of the achievement of results as outlined in the performance plan:

- (a) 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.
- (b) An indicative rating on the five-point scale should be provided for each KPA.
- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

6.5.2 Assessment of the CRs

- (a) Each CR should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CR.
- (c) This rating should be multiplied by the weighting given to each CR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CR score.

6.5.3 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 CRs:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at 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.					

Level	Terminology	Description	Rating				
			1	2	3	4	5
4	Performance significantly above expectations	Performance is significantly higher 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 achieved 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 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 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 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 does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against 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 the municipal manager, an evaluation panel constituted of the following persons must be established -

- 6.7.1 Executive Mayor or Mayor;
- 6.7.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.7.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
- 6.7.4 Mayor and/or municipal manager from another municipality; and
- 6.7.5 Member of a ward committee as nominated by the Executive Mayor or Mayor.

6.9 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).

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:



Quarter	Period	Target Month
First	01 July – 30 September 2018	Before 31 October 2018
Second	01 October - 31 December 2018	Before 31 January 2019
Third	01 January – 31 March 2019	Before 30 April 2019
Fourth	01 April – 30 June 2019	Before 31 July 2019

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

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

9. OBLIGATIONS OF THE EMPLOYER

9.1 The Employer shall –

9.1.1 Create an enabling environment to facilitate effective performance by the employee;

9.1.2 Provide access to skills development and capacity building opportunities;

9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;

9.1.4 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

9.1.5 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.

SCORE	BONUS%
130-133	5%
134-137	6%
138-141	7%
142-145	8%
146-149	9%
150-153	10%
154-157	11%
158-161	12%
162-165	13%
164-167	14%

10. CONSULTATION

- 10.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others –
- 10.1.1 A direct effect on the performance of any of the Employee's functions;
 - 10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
 - 10.1.3 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 10.1 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 ranging from 5% to 14% of the total remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:
- 11.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
 - 11.2.2 A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

The performance bonus in recognition of outstanding performance as contemplated clause 11.2 shall be constituted as follows:-

- 11.3 In the case of unacceptable performance, the Employer shall –
- 11.3.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and
 - 11.3.2 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 any other matter provided for, shall be mediated by –

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or

12.1.2 Any other person appointed by the MEC.

12.1.3 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) of the Municipal Performance Regulations, 2006, 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 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13. GENERAL


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

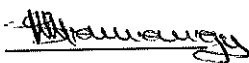
13.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/ her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

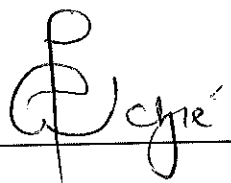
13.3 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed at Vrede, on this the 01 day of July 2018

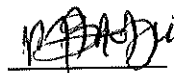
AS WITNESSES: FOR THE EMPLOYEE

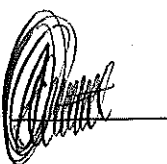
1. 

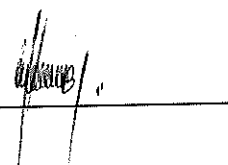
2. 

Employee: 

AS WITNESSES: FOR THE EMPLOYER

1. 

2. 

Employer 



PERFORMANCE AGREEMENT

MADE AND ENTERED into by and between

PHUMELELA LOCAL MUNICIPALITY

AS REPRESENTED BY THE MUNICIPAL MANAGER

NOMVULA FRANCINA MALATJIE
(HEREIN REFERRED AS "EMPLOYER")

AND

NTABEJANE FRANCIS RALEBENYA
ACTING CHIEF FINANCIAL OFFICER
(Identity Number: 840724 5914 089)

1. INTRODUCTION

- 1.1 The **Employer** has entered into a contract of employment with the **Employee** in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). 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 within one (1) month after the beginning of each financial year of the municipality.
- 1.3 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 Act as well as the employment contract entered into between the parties;
- 2.2 Specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- 2.3 Specify accountabilities as set out in a performance plan, which forms as **Annexure A** to the performance agreement;
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.6 In the event of outstanding performance, to appropriately reward the employee; and
- 2.7 Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3 COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the **1st July 2018** and will remain in force until the **30 June 2019** thereafter 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 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.

- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) 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-
- 4.1.1 The performance objectives and targets that must be met by the **Employee**; and
 - 4.1.2 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, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include key objectives; key performance indicators; target dates and weightings.
- 4.2.1 The key objectives describe the main tasks that need to be done.
 - 4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.
 - 4.2.3 The target dates describe the timeframe in which the work must be achieved.
 - 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 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 KPAs (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 shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

- 5.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Requirements (CRs) respectively.
- 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3 KPAs covering the main areas of work will account for 80% and CRs will account for 20% of the final assessment.
- 5.5.4 The total score must be determined using the rating calculator.
- 5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (**Annexure A**), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	5%
Municipal Institutional Development and Transformation	20%
Local Economic Development (LED)	5%
Municipal Financial Viability and Management	60%
Good Governance and Public Participation	10%
Total	100%

- 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 CRs will make up the other 20% of the Employee's assessment score. CRs 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 Employee.

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness 	15%
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management 	15%

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Program and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation 	15%
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring 	10%
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation 	10%
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance 	5%
CORE COMPETENCIES		
Moral Competence		
Planning and Organising		
Analysis and Innovation		15%
Knowledge and Information Management		
Communication		5%
Results and Quality Focus		10%
Total percentage	-	100%

6. EVALUATING PERFORMANCE

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

6.1.1 The standards and procedures for evaluating the Employee's performance; and

6.1.2 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:

6.5.1 Assessment of the achievement of results as outlined in the performance plan:

- (a) 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.
- (b) An indicative rating on the five-point scale should be provided for each KPA.
- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

6.5.2 Assessment of the CRs

- (a) Each CR should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CR.
- (c) This rating should be multiplied by the weighting given to each CR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CR score.

6.5.3 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 CRs:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at 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.					

Level	Terminology	Description	Rating				
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4	Performance significantly above expectations	Performance is significantly higher 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 achieved 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 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 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 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.					
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6.7 For purposes of evaluating the annual performance of the municipal manager, an evaluation panel constituted of the following persons must be established -

- 6.7.1 Executive Mayor or Mayor;
- 6.7.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.7.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
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6.9 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).

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:

Quarter	Period	Target Month
First	01 July – 30 September 2018	Before 31 October 2018
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Fourth	01 April – 30 June 2019	Before 31 July 2019

- 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

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

9. OBLIGATIONS OF THE EMPLOYER

- 9.1 The Employer shall –
- 9.1.1 Create an enabling environment to facilitate effective performance by the employee;
 - 9.1.2 Provide access to skills development and capacity building opportunities;
 - 9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
 - 9.1.4 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
 - 9.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time assisting him / her to meet the performance objectives and targets established in terms of this Agreement.

SCORE	BONUS%
130-133	5%
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142-145	8%
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164-167	14%

10. CONSULTATION

- 10.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others –
- 10.1.1 A direct effect on the performance of any of the Employee's functions;
- 10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
- 10.1.3 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 10.1 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 ranging from 5% to 14% of the total remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:
- 11.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
- 11.2.2 A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

The performance bonus in recognition of outstanding performance as contemplated clause 11.2 shall be constituted as follows:-

- 11.3 In the case of unacceptable performance, the Employer shall –
- 11.3.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and
- 11.3.2 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

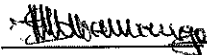
- 12.1 Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or any other matter provided for, shall be mediated by –
 - 12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or
 - 12.1.2 Any other person appointed by the MEC.
 - 12.1.3 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) of the Municipal Performance Regulations, 2006, 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 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

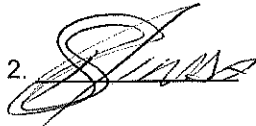
13. GENERAL

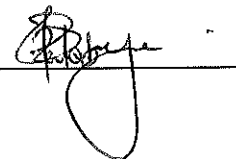
- 13.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Employer.
- 13.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/ her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.
- 13.3 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed at **Vrede**, on this the 27th day of **June 2018**.

AS WITNESSES: FOR THE EMPLOYEE

1. 

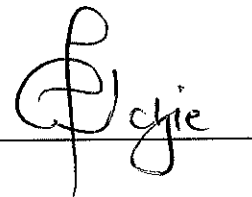
2. 

Employee: 

AS WITNESSES: FOR THE EMPLOYER

1. 

2. 

Employer: 



PERFORMANCE AGREEMENT

MADE AND ENTERED into by and between

PHUMELELA LOCAL MUNICIPALITY

AS REPRESENTED BY THE MUNICIPAL MANAGER

NOMVULA FRANCINA MALATJIE
(HEREIN REFERRED AS "EMPLOYER")

AND

MOJALEFA SAMSON MAHLANGU
ACTING DIRECTOR CORPORATE SERVICES
(Identity Number: 6810145664088)

1. INTRODUCTION

- 1.1 The **Employer** has entered into a contract of employment with the **Employee** in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). 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 within one (1) month after the beginning of each financial year of the municipality.
- 1.3 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 Act as well as the employment contract entered into between the parties;
- 2.2 Specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- 2.3 Specify accountabilities as set out in a performance plan, which forms as **Annexure A** to the performance agreement;
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.6 In the event of outstanding performance, to appropriately reward the employee; and
- 2.7 Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3 COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the **1st July 2018** and will remain in force until the **30 June 2019** thereafter 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 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.

- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) 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-
- 4.1.1 The performance objectives and targets that must be met by the **Employee**; and
 - 4.1.2 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, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include key objectives; key performance indicators; target dates and weightings.
- 4.2.1 The key objectives describe the main tasks that need to be done.
 - 4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.
 - 4.2.3 The target dates describe the timeframe in which the work must be achieved.
 - 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 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 KPAs (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 shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

- 5.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Requirements (CRs) respectively.
- 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3 KPAs covering the main areas of work will account for 80% and CRs will account for 20% of the final assessment.
- 5.5.4 The total score must be determined using the rating calculator.
- 5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (**Annexure A**), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	5%
Municipal Institutional Development and Transformation	40%
Local Economic Development (LED)	10%
Municipal Financial Viability and Management	10%
Good Governance and Public Participation	35%
Total	100%

- 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 CRs will make up the other 20% of the Employee's assessment score. CRs 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 Employee.

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness 	20
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management 	15

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Program and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation 	5
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring 	10
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation 	10
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance 	20
CORE COMPETENCIES		
Moral Competence		
Planning and Organising		
Analysis and Innovation		
Knowledge and Information Management		10
Communication		10
Results and Quality Focus		
Total percentage	-	100%

6. EVALUATING PERFORMANCE

- 6.1 The Performance Plan (Annexure A) to this Agreement sets out -
- 6.1.1 The standards and procedures for evaluating the Employee's performance; and
- 6.1.2 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:

6.5.1 Assessment of the achievement of results as outlined in the performance plan:

- (a) 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.
- (b) An indicative rating on the five-point scale should be provided for each KPA.
- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

6.5.2 Assessment of the CRs

- (a) Each CR should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CR.
- (c) This rating should be multiplied by the weighting given to each CR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CR score.

6.5.3 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 CRs:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at 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 significantly higher 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 achieved all others throughout the year.					

Level	Terminology	Description	Rating				
			1	2	3	4	5
3	Fully effective	Performance fully meets the standards 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 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 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 does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against 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 the municipal manager, an evaluation panel constituted of the following persons must be established -

- 6.7.1 Executive Mayor or Mayor;
- 6.7.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.7.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
- 6.7.4 Mayor and/or municipal manager from another municipality; and
- 6.7.5 Member of a ward committee as nominated by the Executive Mayor or Mayor.

6.9 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).

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:

Quarter	Period	Target Month
First	01 July – 30 September 2018	Before 31 October 2018
Second	01 October - 31 December 2018	Before 31 January 2019
Third	01 January – 31 March 2019	Before 30 April 2019
Fourth	01 April – 30 June 2019	Before 31 July 2019

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

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

9. OBLIGATIONS OF THE EMPLOYER

9.1 The Employer shall –

9.1.1 Create an enabling environment to facilitate effective performance by the employee;

9.1.2 Provide access to skills development and capacity building opportunities;

9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;

9.1.4 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

9.1.5 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 –

10.1.1 A direct effect on the performance of any of the Employee's functions;

10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and

10.1.3 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 10.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

SCORE	BONUS%
130-133	5%
134-137	6%
138-141	7%
142-145	8%
146-149	9%
150-153	10%
154-157	11%
158-161	12%
162-165	13%
164-167	14%

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 ranging from 5% to 14% of the total remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:
- 11.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
- 11.2.2 A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

The performance bonus in recognition of outstanding performance as contemplated clause 11.2 shall be constituted as follows:-

- 11.3 In the case of unacceptable performance, the Employer shall –
- 11.3.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and
- 11.3.2 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 any other matter provided for, shall be mediated by –
- 12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or
- 12.1.2 Any other person appointed by the MEC.
- 12.1.3 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) of the Municipal Performance Regulations, 2006, within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on both parties.

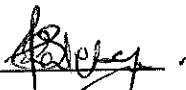
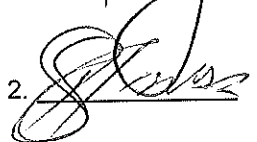
12.2 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13. GENERAL

- 13.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Employer.
- 13.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/ her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.
- 13.3 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

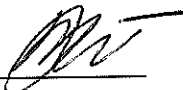
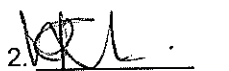
Thus done and signed at **Vrede**, on this the 27 day of **June 2018**.

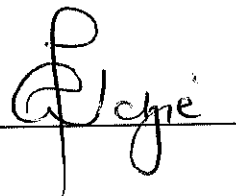
AS WITNESSES: FOR THE EMPLOYEE

- 1. 
- 2. 

Employee: 

AS WITNESSES: FOR THE EMPLOYER

- 1. 
- 2. 

Employer: 



PERFORMANCE AGREEMENT

MADE AND ENTERED into by and between

PHUMELELA LOCAL MUNICIPALITY

AS REPRESENTED BY THE MUNICIPAL MANAGER

NOMVULA FRANCINA MALATJIE
(HEREIN REFERRED AS "EMPLOYER")

AND

NKOSINAYE PHILEMON CINDI
(ACTING) DIRECTOR TECHNICAL SERVICES
(Identity Number: 650119 5275 087)

1. INTRODUCTION

- 1.1 The **Employer** has entered into a contract of employment with the **Employee** in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). 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 within one (1) month after the beginning of each financial year of the municipality.
- 1.3 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 Act as well as the employment contract entered into between the parties;
- 2.2 Specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- 2.3 Specify accountabilities as set out in a performance plan, which forms as **Annexure A** to the performance agreement;
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.6 In the event of outstanding performance, to appropriately reward the employee; and
- 2.7 Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3 COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the **1st July 2018** and will remain in force until the **30 June 2019** thereafter 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 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.

- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) 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-
- 4.1.1 The performance objectives and targets that must be met by the **Employee**; and
 - 4.1.2 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, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include key objectives; key performance indicators; target dates and weightings.
- 4.2.1 The key objectives describe the main tasks that need to be done.
 - 4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.
 - 4.2.3 The target dates describe the timeframe in which the work must be achieved.
 - 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 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 KPAs (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 shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

- 5.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Requirements (CRs) respectively.
- 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3 KPAs covering the main areas of work will account for 80% and CRs will account for 20% of the final assessment.
- 5.5.4 The total score must be determined using the rating calculator.
- 5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (**Annexure A**), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	50%
Municipal Institutional Development and Transformation	20%
Local Economic Development (LED)	5%
Municipal Financial Viability and Management	15%
Good Governance and Public Participation	10%
Total	100%

- 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 CRs will make up the other 20% of the Employee's assessment score. CRs 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 Employee.

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness 	10
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management 	10

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Program and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation 	30
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring 	10
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation 	
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance 	20
CORE COMPETENCIES		
Moral Competence		
Planning and Organising		
Analysis and Innovation		10
Knowledge and Information Management		
Communication		5
Results and Quality Focus		5
Total percentage	-	100%

6. EVALUATING PERFORMANCE

- 6.1 The Performance Plan (Annexure A) to this Agreement sets out -
- 6.1.1 The standards and procedures for evaluating the Employee's performance; and
- 6.1.2 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:

6.5.1 Assessment of the achievement of results as outlined in the performance plan:

- (a) 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.
- (b) An indicative rating on the five-point scale should be provided for each KPA.
- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

6.5.2 Assessment of the CRs

- (a) Each CR should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CR.
- (c) This rating should be multiplied by the weighting given to each CR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CR score.

6.5.3 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 CRs:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at 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.					

Level	Terminology	Description	Rating				
			1	2	3	4	5
4	Performance significantly above expectations	Performance is significantly higher 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 achieved 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 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 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 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 does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against 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 the municipal manager, an evaluation panel constituted of the following persons must be established -

- 6.7.1 Executive Mayor or Mayor;
- 6.7.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.7.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
- 6.7.4 Mayor and/or municipal manager from another municipality; and
- 6.7.5 Member of a ward committee as nominated by the Executive Mayor or Mayor.

6.9 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).

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:

Quarter	Period	Target Month
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Fourth	01 April – 30 June 2019	Before 31 July 2019

- 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

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

9. OBLIGATIONS OF THE EMPLOYER

- 9.1 The Employer shall –
- 9.1.1 Create an enabling environment to facilitate effective performance by the employee;
 - 9.1.2 Provide access to skills development and capacity building opportunities;
 - 9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
 - 9.1.4 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
 - 9.1.5 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 –

SCORE	BONUS%
130-133	5%
134-137	6%
138-141	7%
142-145	8%
146-149	9%
150-153	10%
154-157	11%
158-161	12%
162-165	13%
164-167	14%

- 10.1.1 A direct effect on the performance of any of the Employee's functions;
 - 10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
 - 10.1.3 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 10.1 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 ranging from 5% to 14% of the total remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:
 - 11.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
 - 11.2.2 A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

The performance bonus in recognition of outstanding performance as contemplated clause 11.2 shall be constituted as follows:-

- 11.3 In the case of unacceptable performance, the Employer shall –
 - 11.3.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and
 - 11.3.2 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 any other matter provided for, shall be mediated by –

Performance Regulations, 2006, 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 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13. GENERAL

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

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

13.3 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed at Vrede, on this the 27 day of June 2018.

AS WITNESSES: FOR THE EMPLOYEE

1. [Signature]

2. [Signature]

Employee: [Signature]

AS WITNESSES: FOR THE EMPLOYER

1. [Signature]

2. [Signature]

Employer [Signature]