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PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

THE LEJWELEPUTSWA DISTRICT MUNICIPALITY
AS REPRESENTED BY THE MUNICIPAL MANAGER

Me PME KAOTA

FULL NAMES

AND

MR PK PITSO

THE EMPLOYEE OF THE MUNICIPALITY
(CHIEF FINANCIAL OFFICER)

FOR THE

FINANCIAL YEAR: 1 JULY 2014- 30 JUNE 2015



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- 2.6 in the event of outstanding performance, to appropriately reward the employee; and
- 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;
- 2.4 monitor and measure performance against set targeted outputs;
- 2.3 specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
- 2.2 specify objectives and targets defined and agreed with the employee and to communicate to the employee 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;
- 2.1 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;

The purpose of this Agreement is to -

2. PURPOSE OF THIS AGREEMENT

- 1.4 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the **Employee** to a set of outcomes that will secure local government policy goals.
- 1.2 Section 57(1)(b) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual performance agreement.
- 1.1 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. INTRODUCTION

WHEREBY IT IS AGREED AS FOLLOWS:

ENTERED INTO BY AND BETWEEN:

The Lejweleputswa District Municipality herein represented by **Me PME KAOTA** (Full name) in her/his capacity as Acting Municipal Manager (hereinafter referred to as the **Employer** or Supervisor) And **Mr P K PITSO** (Full name) Employee of the Municipality (hereinafter referred to as the **Employee**).

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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 2014 and will remain in force until 30 June 2015 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 **Employees'** 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 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 Core Competency Requirements (CCRs) 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 CCRs will account for 20% of the final assessment.

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Provision has been made for each of the identified KPAs to relate to at least one KPA prescribed for the MM.

CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES		
WEIGHT	CORE MANAGERIAL COMPETENCIES (CMC)	CORE OCCUPATIONAL COMPETENCIES (COC)
	✓	Competence in Self Management
5	✓	Interpretation of and implementation within the legislative an national policy frameworks
5	✓	Knowledge of Performance Management and Reporting
	✓	Knowledge of global and South African specific political, social and economic contexts
5	✓	Competence in policy conceptualisation, analysis and implementation
5	✓	Knowledge of more than one functional municipal field / discipline
	✓	Honesty and Integrity
	✓	Communication
10	compulsory	Client Orientation and Customer Focus
10	compulsory	People Management and Empowerment
	✓	Problem Solving and Analysis
	✓	Service Delivery Innovation
5	✓	Knowledge Management
	✓	Change Management
40	compulsory	Financial Management
	✓	Programme and Project Management
	✓	Strategic Capability and Leadership
	✓	

5.7 In the case of managers directly accountable to the municipal manager, key performance areas related to the functional area of the relevant manager must be subject to negotiation between the municipal manager and the relevant manager.

5.8 The CCRs will make up the other 20% of the Employee's assessment score. CCRs that are deemed to be most critical for the Employee's specific job should be selected (✓) from the list below as agreed to between the Employer and Employee. Three of the CCRs are compulsory for Municipal Managers:

Identified Key Performance Area ¹	Weight
Local economic development (LED)	
Municipal Institutional Development and Transformation	20
Municipal financial viability and management	50
Basic service delivery	30
Good governance and Public participation	
TOTAL	100

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 KPAs, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

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

6.5.2 Assessment of the CCRs

- (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.

plan:

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

- 6.5 The annual performance appraisal will involve:
- 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.
- 6.3 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.
- 6.2 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.
- 6.1.2 the intervals for the evaluation of the **Employee's** performance.
- 6.1.1 the standards and procedures for evaluating the **Employee's** performance; and
- 6.1 The Performance Plan (Annexure A) to this Agreement sets out -

6. EVALUATING PERFORMANCE

CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES		
WEIGHT	✓	
	✓	Skills in Mediation
5	✓	Skills in Governance
5	✓	Competence as required by other national line sector departments
	✓	Exceptional and dynamic creativity to improve the functioning of the municipality
5	✓	Knowledge of Developmental local Government
100	-	Total percentage

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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.					
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.					

6.6 The assessment of the performance of the Employee will be based on the following rating scale for KPAs and CCRs:

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.
- (a) An indicative rating on the five-point scale should be provided for each CCR.
 - (b) This rating should be multiplied by the weighting given to each CCR during the contracting process, to provide a score.
 - (c) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CCR score.
 - (d) An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

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

- First quarter : July – September 2014
- Second quarter : October – December 2014
- Third quarter : January – March 2015
- Fourth quarter : April – June 2015

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:

7. SCHEDULE FOR PERFORMANCE REVIEWS

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).

- 6.8.1 Municipal Manager;
- 6.8.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.8.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; and
- 6.8.4 Municipal manager from another municipality.

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

- 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.

6.7 For purposes of evaluating the annual performance of the municipal manager, an evaluation panel constituted of the following persons must be established -

Level	Terminology	Description	Rating
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.	1 2 3 4 5

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- 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.
- 10.1.3 a substantial financial effect on the Employer.
- 10.1.2 commit the Employee to implement or to give effect to a decision made by the Employer; and
- 10.1.1 a direct effect on the performance of any of the Employee's functions;
- 10.1 The Employer agrees to consult the Employee timely where the exercising of the powers will have amongst others –

10. CONSULTATION

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

9. OBLIGATIONS OF THE EMPLOYER

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

8. DEVELOPMENTAL REQUIREMENTS

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

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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. GENERAL

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

whose decision shall be final and binding on both parties.

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;

12.1.2 any other person appointed by the MEC.

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

12.1 Any disputes about the nature of the Employer'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. DISPUTE RESOLUTION

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 Employer on grounds of unfitness or incapacity to carry out his or her duties.

11.3.1 provide systematic remedial or developmental support to assist the Employer to improve his or her performance; and

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

11.2.2 a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

11.2.1 a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

11.2 A performance bonus of between 5% to 14% of the all-inclusive annual remuneration package may be paid to the Employer in recognition of outstanding performance to be constituted as follows:

11.1 The evaluation of the Employer's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

11. MANAGEMENT OF EVALUATION OUTCOMES

- 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 Welkom on this the 09th day of Wednesday July 2014.

AS WITNESSES:

1. _____

2. _____

EMPLOYEE

 (Chief Financial Officer)

AS WITNESSES:

1. _____

2. _____

MUNICIPAL MANAGER

