

**PERFORMANCE AGREEMENT**

**Entered into by and between  
LEPELLE-NKUMPI MUNICIPALITY**

**A Local Municipality established in terms of the Municipal  
Structures Act, 117 of 1998, herein referred to as LNM  
and duly represented by**

**PHAAHLA VM  
MAYOR**

**AND**

**MODIBA L  
ACTING MUNICIPAL MANAGER**

**FOR THE FINANCIAL YEAR: 2016/2017**

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## PERFORMANCE AGREEMENT

### ENTERED INTO BY AND BETWEEN:

The Municipality of Lepelle-Nkumpi herein represented by Phaahla VM in her capacity as the Mayor (hereinafter referred to as the Employer or Supervisor) and Modiba L, Acting Municipal Manager of the Municipality of Lepelle-Nkumpi (hereinafter referred to as the Employee).

### WHEREBY IT IS AGREED AS FOLLOWS:

#### 1. INTRODUCTION

- 1.1 The Employer has entered in to 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.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Employee to a set of outcomes that will secure local government policy goals.
- 1.4 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.

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## 2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to –

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

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

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

2.4 monitor and measure performance against set targeted outputs;

2.5. Use the Performance Agreement and Performance Plan as the basis for assessing the suitability of the Employee for permanent employment and/or to assess whether the Employee has met the performance expectations applicable to his/her job;

2.6. Appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding performance; and

2.7. Give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

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### 3. COMMENCEMENT AND DURATION

3.1 This Agreement will commence on the 01 July 2016 and will remain in force until 30 July 2016 where after a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between the parties for the next financial year or any portion thereof.

3.2 The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.

3.3 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.

3.4 The content of this Agreement may be revised at any time during the abovementioned 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

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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 and the Budget of the Employer, and shall include key objectives; key performance indicators; target dates and weightings.

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

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

## 5. PERFORMANCE MANAGEMENT SYSTEM

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

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

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

6. The Employee agrees to participate in the performance management and development system that the Employer adopts.

6.1 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.

6.2 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.

6.2.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Managerial Competencies (CMCs) respectively.

6.2.2 Each area of assessment will be weighted and will contribute a specific part to the total score.

6.2.3 KPAs covering the main areas of work will account for 80% and CMCs will account for 20% of the final assessment.

6.3 The Employee's assessment will be based on 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:

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KEY PERFORMANCE AREA	WEIGHTING
Basic Service Delivery	20%
Financial Viability and Management	20%
Good Governance and Public Participation	15%
Local Economic Development	15%
Institutional Transformation	15%
Spatial Rationale	15%
TOTAL	80%

6.4 The CMCs will make up the other 20% of the Employee's assessment score. CMCs 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:

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES		
CORE MANAGERIAL COMPETENCY	✓	WEIGHT
Strategic Capability	✓	5%
Programme and Project Management	✓	2%
Financial Management	✓	3%
Change Management		
Knowledge Management		
Service Delivery Innovation	✓	4%
Problem Solving and Analytical thinking		
People and Diversity Management		
Client orientation and Customer Focus	✓	2%
Communication	✓	1%
Accountability and Ethical Conduct	✓	1%

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Policy Conceptualization and implementation	✓	1%
Mediation Skills		
Advanced Negotiation Skills		
Advanced Influencing Skills		
Partnership and Stakeholder relations	✓	1%
Supply Chain Management		
Total		20%

## 7. EVALUATING PERFORMANCE

7.1 The Performance Plan (Annexure A) to this Agreement sets out –

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

7.1.2 The intervals for the evaluation of the Employee's performance.

7.2 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.

7.3 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.

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

7.5 The annual performance appraisal will involve:



7.5.1 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 7.5.3 below) must then be used to add the scores and calculate a final KPA score.

7.5.2 Assessment of the CMCs

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

7.5.3 Overall rating

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

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

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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 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	Fully effective Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has					

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		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.	

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7.7 For purposes of evaluating the performance of the Employee, an evaluation panel constituted by the following persons will be established –

7.7.1 Municipal Manager

7.7.2 Chairperson of the Audit Committee;

7.7.3 Ward committee member (on a rotational basis), where applicable;

7.7.4 Member of the Executive Committee; and

7.7.5 Municipal Manager from another Municipality.

## 8. SCHEDULE FOR PERFORMANCE REVIEWS

8.1 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:

First quarter: July – September 2016

Second quarter: October – December 2016

Third quarter: January – March 2017

Fourth quarter: April – June 2017

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

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

8.4 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.

8.5 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.

## 9. DEVELOPMENTAL REQUIREMENTS

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

## 10. OBLIGATIONS OF THE EMPLOYER

10.1 The Employer shall –

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

10.1.2 Provide access to skills development and capacity building opportunities;

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

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10.1.4 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

10.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time assistance to meet the performance objectives and targets established in terms of this Agreement.

## 11. CONSULTATION

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

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

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

11.1.3 A substantial financial effect on the Employer.

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

## 12. MANAGEMENT OF EVALUATION OUTCOMES

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

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12.2 A performance bonus of 5% to 14% of the inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance.

12.3 The Employee will be eligible for progression to the next higher remuneration package, within the relevant remuneration band, after completion of at least twelve months (12) service at the current remuneration package on 30 June (end of financial year) subject to a fully effective assessment.

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

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

12.4.2 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.

### 13. DISPUTE RESOLUTION

13.1 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 –

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

13.1.2 Any other person appointed by the MEC.

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13.2 In the event that the mediation process contemplated above fails, clause 19.3 of the Contract of Employment shall apply.

#### 14. PERSONAL DEVELOPMENT PLAN: 2016/2017

Competency to be addressed	Institution	Responsibility	Time Frame	Expected Outcome
Executive leadership	Executive Prime Academy	Mayor and HRD	3 <sup>rd</sup> quarter	Improve leadership skills
Principles of Operations and Supply Chain Management	Wits Business School	Mayor and HRD	3 <sup>rd</sup> quarter	Efficient operations
Project Management	Wits Business School	Mayor and HRD	4 <sup>th</sup> quarter	Effective implementation of projects
Contract Management	PALMA	Mayor and HRD	3 <sup>rd</sup>	Effective contract management

#### 15. GENERAL

14.1 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.

14.2 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.

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Thus done and signed at Lebawakgomo on the ..... 2016



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Acting Municipal Manager: Signature

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Date



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The Mayor: Signature

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Date