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FINANCIAL YEAR 2017-2018

FOR THE

MR MT LETSOALO
CHIEF FINANCIAL OFFICER

THE EMPLOYEE OF THE MUNICIPALITY

AND

MR BS MAHLANGU

DR. JS MOROKA LOCAL MUNICIPALITY
AS REPRESENTED BY THE MUNICIPAL MANAGER:

MADE AND ENTERED INTO BY AND BETWEEN:

PERFORMANCE AGREEMENT
(for Managers directly accountable to the Municipal Manager)

Dr JS Moroka Local Municipality

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PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

Dr. JS Moroka Local Municipality herein represented by **Mr. BS Mahlanju** in his capacity as Municipal Manager (hereinafter referred to as the **Employer** or Supervisor)

And

Mr. MT Letsalo
Employee of the Municipality (hereinafter referred to as Chief Financial Officer)

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 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.
- 1.2 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.
- 1.3 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), 4(A), (4B) and (5) of the Systems Acts 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/ScoreCard;
- 2.4 Monitor and measure performance against set targets and indicators;

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- 3.1 This Agreement will commence on the 1st July 2017 and will remain in force until 30th June 2018 where after a new Performance Agreement, Performance Plan/Scorecard 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 anytime 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.

3. COMMENCEMENT AND DURATION

- 2.5 Use the Performance Agreement and Performance Plan/Scorecard as the basis 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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- 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 standard that will be included in the Performance Management System as applicable to the Employee.

5. PERFORMANCE MANAGEMENT SYSTEM

- 4.1 The Performance Plan/Scorecard (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 weighting.
- 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. PERFORMANCE OBJECTIVES

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The CCRs will make up the other 20% of the Employee's assessment score. CCR's which 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 the Municipal Manager and Managers directly accountable to the Municipal Manager:

5.7

Total	80%
Good Governance and Public Participation	10
Municipal Financial Viability and Management	60
Local Economic Development (LED)	
Municipal Institutional Development and Transformation	
Basic Service Delivery and Infrastructure Development	10
Key Performance Areas (KPA's)	Weighting

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/Scorecard (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.

5.6.

CCRs and COCs will account 20% of the final assessment.

5.5.3 KPA's covering the main areas of work will account for 80% and specific part to the total score.

5.5.2 Each area of assessment will be weighted and will contribute a

Managerial Competencies (CMC's) respectively. and the Core Competency Requirements (CCRs) and Core weighting of 80:20 allocated to the Key Performance Areas (KPA's)

5.5.1. The Employee must be assessed against both components, with a contained in the Performance Agreement.

5.5. The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which shall be

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5.4. The Employee undertakes to actively focus towards the promotion and implementation of KPA's (including special projects relevant to the employee's responsibilities) within the local government framework.

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- 6.1 The Performance Plan/Scorecard 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. EVALUATING PERFORMANCE

WEIGHT	COMPETENCIES	TOTAL
	CORE MANAGERIAL AND OCCUPATIONAL COMPETENCIES	
	Core Managerial Competencies	
	Strategic Capability and leadership	5
	Programme and Project Management	5
	Financial Management (compulsory)	5
	Change Management	
	Knowledge Management	
	Service Delivery Innovation	
	Problem Solving and Analysis	
	People Management and Empowerment (compulsory)	5
	Client Orientation and Customer Focus (compulsory)	5
	Communication	
	Honesty and Integrity	
	Core Occupational Competencies	
	Competence in Self-Management	
	Interpretation of and implementation within the legislative and national policy frameworks	
	Knowledge of Performance Management and Reporting	
	Knowledge of global and South African specific political, social and economic contexts	
	Competence in policy conceptualisation, analysis and implementation	
	Knowledge of more than one functional municipal field/discipline	
	Skills in Mediation	
	Skills in Governance	
	Competence as required by other national line sector departments	
	Exceptional and dynamic creativity to improve the functioning of the municipality	
20%	TOTAL	

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

7.4. Rating Scale

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

7.3. Overall rating

- (a) Each CCR 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 CCR.
- (c) This rating should be multiplied by the weighting given to each CCR 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 CCR score.

7.2. 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 must then be used to add the scores and calculate a final KPA score.

performance plan:

7.1 Assessment of the achievement of results as outlined in the

The Annual Performance Appraisals will involve:

7. PERFORMANCE APPRAISALS

- 6.3 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan (Annexure B) 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 Integrated Development Plan (IDP).

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Rating	Description	Terminology	Level
1			5
2	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.	Outstanding performance	
3	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.	Performance significantly above expectations	4
4	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.	Fully effective	3
5	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.	Not fully effective	2

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

- First quarter : July – September (review by December)
- Second quarter : October –December (review by March)
- Third quarter : January – March (review by June)
- Fourth quarter : April – June (review by September)

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:

8. SCHEDULE FOR PERFORMANCE REVIEWS

- a. Municipal Manager;
- b. Chairperson of the Performance Audit Committee and/or the Audit Committee Member;
- c. Member of the Mayoral or Executive Committee;
- d. Municipal Manager from another municipality;
- e. PMS Unit (or HR for Secretariat Services)

For the purpose of evaluating the annual performance of Managers directly accountable to the Municipal Manager an evaluation panel constituted of the following persons must be established-

7.5. EVALUATION PANEL

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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11.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in

11.1.3. A substantial financial effect on the Employer.

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

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

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

11. CONSULTATION

10.1.5 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.

10.1.4 On the request of the Employee, delegate powers reasonably required by the Employee to enable him / her to meet the performance objectives and targets established in terms of this Agreement; and

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

10.1.2 Provide access to skills development and capacity building opportunities;

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

10.1 The Employer shall –

10. OBLIGATIONS OF THE EMPLOYER

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

9. DEVELOPMENTAL REQUIREMENTS

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 "B" 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.

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- 14.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the **Employee** in terms of his/ her contract of by the **Employer**.
- 14.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure B may be made available to the public

14. GENERAL

- 13.2 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.

- 13.1.3 In the case of Managers directly accountable to the Municipal Manager, a Member of the Mayoral 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;
- 13.1.2 Any other person appointed by the Executive Mayor.

- 13.1.1 The Executive Mayor within thirty (30) days of receipt of a formal dispute from the **Employee**; or

- 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. DISPUTE RESOLUTION

- 12.1.2 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.

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

- 12.1 In the case of unacceptable performance, the **Employer** shall -

12. MANAGEMENT OF EVALUATION OUTCOMES

- 11.1 as soon as is practicable to enable the **Employee** to take any necessary action without delay.


employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

14.3 The performance assessment results of the municipal manager must be submitted to the Executive Mayor as the responsible person, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed at Siyehuswani on this the 3 day of July 2017

(Employer)
Mr BS Mahlangu
Municipal Manager

AS WITNESSES:

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Thus done and signed at Siyehuswani on this 3rd day of July 2017.

(Employee)
Mr MT Letsalo
Chief Financial Officer

AS WITNESSES:

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