

**Appendix A**

**PERFORMANCE AGREEMENT**

**MADE AND ENTERED INTO BY AND BETWEEN:**

**THE MANTSOPA LOCAL MUNICIPALITY AS  
REPRESENTED BY THE MUNICIPAL MANAGER:**

**MR. SELBY MOHALERWA SELEPE**

.....  
**FULL NAMES**



**AND**

**MR. KOKAME DONALD MATSIE**

.....  
**THE EMPLOYEE OF THE MUNICIPALITY**

**FOR THE**

**FINANCIAL YEAR: 1 JULY 2014 TO 30 JUNE 2015.**

   
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## PERFORMANCE AGREEMENT

### ENTERED INTO BY AND BETWEEN:

The Mantsopa Local Municipality herein represented by **Mr. Selby Mohalerwa Selepe** in his/her capacity as **Municipal Manager** (hereinafter referred to as the **Employer** or Supervisor)

And

**Kokame Donald Matsie** Employee of the Municipality (hereinafter referred to as the **Employee**)

### WHEREBY IT IS AGREED AS FOLLOWS:


#### 1. INTRODUCTION

- 1.1. The **Employer** has entered into contract of employment with the **Employee** in terms of section 57(1) (a) of the Local Government: Municipal Systems Act 32 of 2000 ("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 Section 57 (4A), (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. Specific 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 and the Budget of the Municipality;
- 2.3. Specify accountabilities as set out in a performance plan (Annexure A);
- 2.4. Monitor and measures performance against set targeted outputs;
- 2.5. Use the performance agreement and performance plan as the basis for assessing whether the employee has met the performance expectations applicable to his job;
- 2.6. In the event of outstanding performance, to appropriately reward the employee; and;

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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 services deliver.

### 3. COMMENCEMENT AND DURATION

- 3.1. This agreement will commence on the **1<sup>st</sup> 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 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 concluded 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 of 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, and the budget of the **Employer**, and shall include key objectives; key performance indicators; targets dates and weightings.
- 4.2.1. The key objectives described the main tasks that need to be done.
- 4.2.2. The key performance indicators provided 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 objections 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.

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## 5. PERFORMANCE MANAGEMENT SYSTEM

- 5.1. The **Employee** agrees to participate in the performance management systems 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 Systems will be to provide a comprehensive system with specific performance standard 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 systems as applicable to the **Employee**.
- 5.4. The **Employee** undertakes to actively focus towards the promotion and implementation of the KPA's (including special project 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 Agreements.
- 5.5.1. The **Employee** must be assessed against both components, with weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Core Competency Requirements (CCR's) respectively.
- 5.5.2. Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3. KPA's covering the main areas of work will account for 80% and CCR's will account for 20% of the final assessment.
- 5.6. The **Employee's** assessment will be based on his 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 results as per the weightings agreed to between the **Employer** and the **Employee**:

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	0%
Municipal Institutional Development and Transformation	0%
Local Economic Development	0%
Municipal Financial Viability	80%
Good Governance and Public Participation.	20%
<b>TOTAL</b>	<b>100%</b>

5.7. The CCR's will make up the other 20% of the Employee's assessment score.

<b>CORE COMPETENCY REQUIREMENTS (CCR)</b>		
<b>CORE MANAGERIAL COMPETENCIES (CMC)</b>		<b>WEIGHT</b>
Strategic Capability and Leadership		5%
Financial Management		5%
Service Delivery Innovation		5%
People Management and Empowerment		5%
Client Orientation and Customer Focus		5%
Honesty and Integrity		5%
Programme and Project Management		5%
Change Management		5%
Knowledge Management		5%
Problem Solving and Analysis		5%
Communication		5%
<b>CORE OCCUPATIONAL COMPETENCIES (COC).</b>		
Competence in Self Management		5%
Interpretation of and Implementation within the legislative and national policy framework		5%
Knowledge of Performance Management and Reporting		5%
Knowledge of global and South African specific political, social and economic contexts		
Competence in policy conceptualisation, analysis and implementation		5%
Knowledge of more than one functional municipal field/discipline		5%
Skills and mediation		5%
Skills in Governance		5%
Competence as required by other national line sector departments		5%
Exception and dynamic creativity to improve the functioning of the municipality/		5%
<b>TOTAL PERCENTAGE</b>		<b>100%</b>

## 6. EVALUATING PERFORMANCE

6.1. The performance Plan (Annexure "A") to this Agreement sets out-

- 6.1.1. The standard 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 contribution 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 standard 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 6.5.1.) must then be used to add the scores and calculate a final CCR score.

6.5.2. Overall rating.

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

6.6. The assessment of the performance of **the Employee** will be based on the following rating scale for KPA's and CCR's:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeding 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 Performance Agreement and Performance Plan and maintaining 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 indicated that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan.					
3	Fully effective	Performance fully meets the standard 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 Performance Agreement and Performance Plan.					
2	Not Fully	Performance is below standard required for the					

	effective	job in key areas. Performance meets some of the standard 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 Performance Agreement 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 Performance Agreement 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 council and management efforts to encourage improvements.					

6.7. For the purpose of evaluating the annual performance of the Municipal Manager an evaluation panel constituted of the following persons must be established:

- 6.7.1. The 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 Executive committee; and
- 6.7.4. Mayor and/or Municipal Manager from another municipality;

## 7. SCHEDULE FOR PERFORMANCE REVIEWS

7.1. The performance of an employee in relation to his performance agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if the performance is satisfactory:

<b>First quarter</b>	<b>July 2014 – September 2014</b>
<b>Second quarter</b>	<b>October 2014 – December 2014</b>
<b>Third quarter</b>	<b>January 2015 – March 2015</b>
<b>Fourth quarter</b>	<b>April 2015 – June 2015</b>

- 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 changes is made; and
- 7.5. The **Employer** may amend the provisions of **Annexure "A"** whenever the performance management system is adopted, implemented/or amended as the

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case may be. In that case the **Employee** will be fully consulted before any such change is made.

## 8. DEVELOPMENT REQUIREMENTS

As identified from time to time.

## 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 reasonable required by the **Employee** to enable him 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 objective 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** function;
  - 10.1.2. Commit the **Employee** to implement or to give effects to a decision 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 outcomes of any decision 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 for the basis for rewarding outstanding performance or correcting unacceptable performance; and
- 11.2. A performance bonus of between **5% to 14%** of the all inclusive 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

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- 11.2.2. A score of **150%** and above is awarded a performance bonus ranging from **10% to 14%**.
- 11.3. In the case of unacceptable performance, the **Employer** shall –
- 11.3.1. Provide systematic remedial or development support to assist the **Employee** to improve his 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/her duties.

## 12. DISPUTE RESOLUTION

- 12.1. Any decision 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 within thirty (30) days of receipt of a formal dispute from the **Employee**; or
- 12.1.2. Any other person appointed by the MEC.
- 12.2. In the event that the mediation process contemplated above fails, clause 41 of contract of Employment shall apply.

## 13. GENERAL

- 13.1. The contracts of the Agreements and the outcomes 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 regulation, circulars, policies, directives, or other instruments.
- 13.3. The performance assessment results of the municipal manager shall be submitted to the MEC responsible for Local Government and Housing and as well as the Minister for Provincial and Local Government within fourteen (14) days after the conclusion of the assessment.

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Thus done and signed at LADY BRAND ..... on this 01 ..... day  
of JULY ..... 2014...

**AS WITNESSES:**

1. W. RAMBISI .....

2. M. S. S. .....

[Signature]  
.....  
**EMPLOYEE**

Signed at LADY BRAND ..... on this 01 ..... day of  
JULY ..... 2014...

**AS WITNESSES:**

1. [Signature] .....

2. [Signature] .....

[Signature]  
.....  
**EMPLOYER**