

PERFORMANCE AGREEMENT



NKETOANA (F.S. 193) LOCAL MUNICIPALITY
(Reitz, Lindley, Petrus Steyn & Arlington)

MADE AND ENTERED INTO BY AND BETWEEN:

NKETOANA LOCAL MUNICIPALITY
AS REPRESENTED BY THE MUNICIPAL MANAGER:

SIPHO JOSEPH THOMAS

AND

CHIEF FINANCIAL OFFICER
VINCENT MKHEFA

FOR THE

FINANCIAL YEAR: 1 JULY 2011 - 30 JUNE 2012

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The Nketoana Local Municipality

herein represented by Siphos Joseph Thomas in her/his capacity as Municipal
Manager

(herein after referred to as the **Employer or Supervisor**)

And

Vincent Mkhafa

Employee of the Nketoana Local Municipality (hereinafter referred to as the
Employee).

WHEREBY IT IS AGREED AS FOLLOWS:

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.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Employee reporting to the Employer, to a set of actions 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.

2. PURPOSE OF THIS AGREEMENT

The parties agree that the purposes of this Agreement are 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 expectation 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 its Employee in attaining equitable and improved service delivery.
- 2.8 Establish a transparent and accountable working relationship;

3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on 01 July 2011 and will remain in force until the 30 June 2012 where after a new Performance Agreement, Performance Plan, 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 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.
 - 4.1.3 The performance objectives and targets reflected in Annexure A are set by the Employer in the 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.
- 4.2 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.
- 4.3 The Employee performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.
- 4.4 The Employer will make available to the Employee such employees as the Employee may reasonably require from time to time to assist him to meet the performance objectives and targets established in terms of this Agreement; provided that it will at all times remain the responsibility of the Employee to ensure that he complies with those performance obligations and targets.
- 4.5 The Employee will at his request be delegated such powers by the Employer as may in the discretion of the Employer be reasonably required from time to time to enable him to meet the performance objectives and targets established in terms of this Agreement.

- 4.6 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.
- 4.7 The provisions of Annexure "A" may be amended by the Employer when the Employer's performance management system is adopted, implemented and/or amended as the case may be.

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. ADOPTION OF THE PERFORMANCE MANAGEMENT SYSTEM

- 6.1 The Employee agrees to participate in the performance management and development system that the Employer adopts.
- 6.2 The Employee undertakes to actively focus towards the promotion and implementation of the KPA's (including special projects relevant to the employee's responsible) within local government framework.
- 6.3 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.
- 6.4 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Core Managerial Competencies (CMC's) respectively.
- 6.5 Each area of assessment will be weighted and will contribute a specific part part to the total score.
- 6.6 KPA's covering the main areas of work will account for 80% and CMC's will account for 20% of the final assessment.

- 6.7 The Employee's assessment will be based on his/her performance in terms of out puts/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	10%
Municipal Institutional Development and Transformation	5%
Local Economic Development (LED)	5%
Municipal Financial Viability and Management	70%
Good Governance and Public Participation	10%
Total	100%

- 6.8 The CMC's will make up to the other 20% of the Employee's assessment score. CMC's that are deemed to be most critical for the Employee's specific job should be selected (*) from the list below as agreed to between and the Employer and Employee:

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES		
CORE MANAGERIAL COMPETENCIES (CMC)	*	WEIGHT
Strategic Capability		10
Programme and Project Management		10

Financial Management	Compulsory	10
Change Management		10
Knowledge management		5
Service Delivery Innovation		10
Problem Solving and Analytical Thinking		2
Client Orientation and Customer Focus	Compulsory	10
Communication	Compulsory	10
Accountability and Ethical Conduct		5
Policy conceptualisation and implementation		5
Mediation skills		1
Advanced negotiation skills		1
Advanced influencing skills		1
Partnership and Stakeholder Relations		5
Supply Chain Management		5
		100%

7. EVALUATING PERFORMANCE

- 7.1 Annexure "A" to this Agreement sets out:
- 7.1.1 The standards and procedures for evaluating the Employee performance; and
- 7.1.2 The intervals for the evaluation of the Employee performance.

7.2 Despite the establishment of agreed intervals for evaluation, the Employer may, in addition, review the Employee 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 and, where possible, 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.

7.5.1.1 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.

7.5.1.2 An indicative rating on the five-point scale should be provided for each KPA.

7.5.1.3 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 CMC's

7.5.2.1 Each CMC should be assessed according to the extent to which the specified standards have been met

7.5.2.2 An indicative rating on the five-point scale should be provided for each CMC.

7.5.2.3 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 CMC's:

Level	Terminology	Description	Rating		
			1	2	3
3	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 indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year			
2	Fully effective	Performance fully meets the standards 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			
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,			

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

- 7.7.1 Mayor
- 7.7.2 Chairperson of the Performance & 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: 1 July 2011 – 30 September 2011

Second quarter: 1 October 2011 – 31 December 2011

Third quarter: 1 January 2012 – 31 March 2012

Fourth quarter: 1 April 2012– 30 June 2012

- 8.2 The Employer shall keep a record of the mid-year review and annual assessment Meetings.
- 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 Departmental Business Plan (DBP) to address the successful management of the department is attached in the SDBIP.

The successful management of a department or division depends on the amount of planning that goes into administration. Head of departments should align themselves with the strategic vision and objectives of the municipality and adjust their business plans accordingly. A business plan consists of the following:

- A vision in commensuration with that of the municipality
- Strategic objectives to ensure that the vision is met
- A description of the most important functions performed by the department
- A description of the components of the department. Reference must be made of the financial allocations, organograms reflecting the human resource and special skills of the department.
- Key performance indicators that will reflect the successful implementation of the functions.
- Limitations preventing the departments to function effectively.
- Strategies to achieve objectives or eliminate limitations.
- Approval by the municipal manager. Heads of departments must review their business plans at least once every six months and submit a copy to the municipal manger who, once he/she has informed council of the performance standards that will be used to measure the administrative performance of the departments.

10. EMPLOYER OBLIGATIONS

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;

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 to assist him/her to meet the performance objectives and targets established in terms of this agreement .

10.2 Endeavor to create a working environment, which is conducive to the employee being able to attain the standards of performance expected of him.

10.2.1 In particular, the employee shall be provided with such physical, financial and human resources as are reasonably required for him to perform his functions;

The employee shall also be empowered by way of a set of appropriate delegations to act and make relevant decisions in the course of his employment.

10.2.2 At all material times observe a duty of mutual respect and co-operate with the employee.

10.3 Respect the employee's managerial prerogative.

10.4 Conduct the relevant performance review by means of interviews, appraisals or administered questionnaires, etc. every quarter

10.5 Conduct the performance review in a fair and transparent manner.

11. EMPLOYEE OBLIGATIONS

11.1 The employee is obliged to perform his functions to the best of his abilities and shall as far as is practically possible endeavor to meet the standards of performance as set out in this agreement.

11.2 The employee shall act in the good faith and in the best interest of the department at all times.

11.3 The employee shall be responsible for the completion or execution of the specific programs identified in his business plans or KPA's within the timeframes agreed upon.

11.4 The employee shall co-operate with the employer in conducting the performance review.

12. EMPLOYEE RIGHTS

12.1 The employee shall be entitled to such co-operation and support as are reasonable required for him to perform his duties to the standard required of him.

12.2 In particular where individual development plans have identified a need for capacity building or training or other forms of support, the employee shall be entitled to receive same, bearing in mind relevant budgetary and other constraints.

12.3 The employee shall be entitled to such corrective action remedies and/or incentives as are applicable depending on the outcome of his performance reviews.

13. MANAGEMENT OF EVALUATION OUTCOMES

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

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

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

13.4 In the case of unacceptable performance, the Employer shall:

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

13.4.2 After appropriate performance counseling 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.

14. DISPUTE RESOLUTION

14.1 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-

- 14.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or
- 14.1.2 Any other person appointed by the MEC.

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

15. CONSULTATION

- 15.1 The Employer agrees to consult the Employee timeously where the exercising of the Employer's powers will –
- 15.2 have a direct effect on the performance of any of the Employee functions;
- 15.3 commit the Employee to implement or to give effect to a decision made by the Employer;
- 15.4 have a substantial financial effect on the Municipality.
- 15.5 The Employer agrees to inform the Employee of the outcome of any decisions taken as soon as is practicable to enable the Employee to take any necessary action without delay.

16. GENERAL

- 16.1 The contents of the Agreement and the outcome of any review conducted in terms of Annexure "A" will not be confidential, and may be made available to the public by the Employer, where appropriate.
- 16.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

Signed at _____ on this _____ day of
_____ 2011.

AS WITNESSES:

1.
2.

**Municipal Manager of Nketoana Local
Municipality**

Signed at Rietz on this 07 day of
October 2011

AS WITNESSES:

1.
2.

Chief Financial Officer