

**PERFORMANCE AGREEMENT**

**MADE AND ENTERED INTO BY AND BETWEEN**

**CAPRICORN DISTRICT MUNICIPALITY  
AS REPRESENTED BY ACTING THE MUNICIPAL  
MANAGER**

**THUSO LAVHELESANI PATRICIA NEMUGUMONI**  
.....

**AND**

**NTOAMPE BEN THOBELA**  
.....

**EXECUTIVE MANAGER: INFRASTRUCTURE  
SERVICES**

**FOR THE FINANCIAL YEAR:  
01 JAN 2016 TO 30 JUNE 2016**

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**WHEREBY IT IS AGREED AS FOLLOWS:**

**1. INTRODUCTION**

- 1.1 The Municipality has, in terms of Section 57(1)(a) of the Local Government: Municipal Systems Act, No. 32 of 2000 ("the Systems Act") entered into a contract of employment with the Manager for a period of **5 years, commencing on 01 January 2016.**
- 1.2 Section 57(1) (b) of the Systems Act, read with the contract of employment concluded between the Parties; require 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 Manager 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), (4B) and (5) of the Systems Act as well as the contract of employment entered into by the Parties.
- 1.5 In this Agreement the following words will have the meaning ascribed thereto:

"this Agreement" - means the performance agreement between the Municipality and the Manager and the annexures thereto.

"the Executive Authority" - means the Executive Committee of the Municipality constituted in terms of Section 43 of the Local Government: Municipal Structures Act as represented by its chairperson, the Mayor.

"the Manager" - means Senior Manager directly accountable to the Municipal Manager in terms of Section 56(a) of the Systems Act.

"the Municipal Manager" - means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998.

"the Municipality" - means .....Municipality.

"the Parties" - means the Municipal Manager and the Manager.



## **2. PURPOSE OF THIS AGREEMENT**

- 2.1 The Parties agree that the purposes of this Agreement are to:
- 2.1.1. 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;
  - 2.1.2. specify objectives and targets defined and agreed with the Manager and to communicate to the Manager the Municipality's expectations of the Manager's performance and accountability in alignment with the Integrated Development Plan (IDP), the Service Delivery and Budget Implementation Plan (SDBIP) and the budget of the Municipality;
  - 2.1.3. specify accountabilities as set out in a performance plan.
  - 2.1.4. monitor and measure performance against targeted outputs and outcomes;
  - 2.1.5. use performance plan as a basis for assessing the Manager for permanent employment and/or to assess whether the Manager has met the performance expectations applicable to his/her job;
  - 2.1.6. appropriately reward the Manager in accordance with the Municipality's performance management policy in the event of outstanding performance;
  - 2.1.7. establish a transparent and accountable working relationship; and
  - 2.1.8. give effect to the Municipality's commitment to a performance-orientated relationship with its Manager in attaining equitable and improved service delivery.

## **3. COMMENCEMENT AND DURATION**

- 3.1 Notwithstanding the date of signature, this Agreement will commence on the 01 Jan 2016 and will remain in force until a new performance agreement including a Performance Plan and Personal Development Plan is concluded between the Parties as contemplated in Clause 3.2
- 3.2 The Parties will review the provisions of this Agreement during June each year. The Parties will conclude a new performance agreement including a Performance Plan and Personal Development Plan that replaces this Agreement at least once a year by not later than the 31<sup>st</sup> of July each year.
- 3.3 The payment of the performance bonus is determined by the performance score obtained during the annual performance calculations as informed by the quarterly performance assessments.

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- 3.4 The payment of a performance bonus for the year in which the Manager's contract of employment expires will be done as set out in clause 3.3
- 3.5 In the event of the Manager commencing or terminating his services with the Municipality during the validity period of this Agreement, the Manager's performance for the portion of the period referred to in clause 3.1 during which he was employed, will be evaluated and he will be entitled to a pro rata performance bonus based on his evaluated performance and the period of actual service.
- 3.6 The content of this Agreement may be revised at any time during the abovementioned period to determine the applicability of the matters agreed upon by the Parties.
- 3.7 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.
- 3.8 This Agreement will terminate on the termination of the Manager's contract of employment for any reason.

#### 4. PERFORMANCE OBJECTIVES

- 4.1 The Performance Plan in **Annexure A** sets out:
  - 4.1.1 the performance objectives and targets which must be met by the Manager; and
  - 4.1.2 the time frames within which those performance objectives and targets must be met.
- 4.2 The Core Competency Requirements (CCRs) set out those management skills regarded as critical to the position held by the Manager.
- 4.3 The Personal Development Plan in **Annexure B** sets out the Manager's personal developmental requirements in line with the objectives and targets of the Municipality.
- 4.4 The performance objectives and targets reflected in **Annexure A** are set by the Municipality in consultation with the Manager and based on the IDP, SDBIP and the budget of the Municipality, and include key objectives, key performance areas, target dates and weightings.

- 4.5 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 time frame in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.
- 4.6 The Manager's performance will, in addition, be measured in terms of contributions to the development objectives and strategies set out in the Municipality's Integrated Development Plan.

## **5. PERFORMANCE MANAGEMENT SYSTEM**

- 5.1 The Manager agrees to participate in the performance management system that the Municipality adopts or introduces for the municipal management and municipal staff of the Municipality.
- 5.2 The Manager accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the municipal management and municipal staff to perform to the standards required.
- 5.3 The Executive Committee/Council and/or Municipal Manager will consult the Manager about the specific performance standards that will be included in the performance management system as applicable to the Manager.
- 5.4 The Manager undertakes to actively focus towards the promotion and implementation of his/her Key Performance Areas as set out in the performance plan including special projects relevant to the Manager's responsibilities within the local government framework.

## **6. PERFORMANCE ASSESSMENT**

The performance of the Manager will be assessed against the outputs and outcomes achieved in terms of his/her Key Performance Areas (KPAs) as fully described in performance plan and his/her Core Competency Requirements (CCRs) determined at the commencement of this Agreement with a weighting of 80:20 allocated to the KPAs and CCRs respectively. Therefore the KPAs that refer to the main tasks of the Manager account for 80% of his/her assessment while the CCRs make up the other 20% of the Manager's assessment score.

The weightings agreed to in respect of the Manager's KPAs attached as Annexure A are set out in the table below:

KEY PERFORMANCE AREAS (KPAS)	WEIGHT
KPA 1: Municipal Transformation and Institutional Development	
KPA 2: Basic Service Delivery	100%
KPA 3: Local Economic Development and Planning	
KPA 4: Financial Viability	
KPA 5: Good governance and public participation	
TOTAL PERCENTAGE	100%

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The weightings agreed to in respect of the CCRs considered most critical for the Manager's position are set out in the table below:

<b>CORE COMPETENCY REQUIREMENTS - CCRs</b>				
<b>CORE MANAGERIAL COMPETENCIES (CMC)</b>	<b>INDICATE CHOICE</b>	<b>WEIGHT</b>	<b>Current level(1-3)</b>	<b>Desired Level</b>
Strategic Capability and Leadership	✓	10%		
Programme and Project Management	✓	10%		
Financial Management	Compulsory	10%		
Change Management	✓	3%		
Knowledge Management	✓	2%		
Service Delivery Innovation	✓	3%		
Problem Solving and Analysis	✓	10%		
People Management and Empowerment	Compulsory	10%		
Client Orientation and Customer Focus	Compulsory	10%		
Communication	✓	5%		
Honesty and Integrity		5%		

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<b>CORE OCCUPATIONAL COMPETENCIES (COCs)</b>				
<b>CORE MANAGERIAL COMPETENCIES (CMC)</b>	<b>CHOICE</b>	<b>WEIGHT</b>	<b>Current Level (1-3)</b>	<b>Desired Level</b>
Competence in Self Management				
Interpretation of and implementation within the legislative and national policy frameworks	✓	5%		
Knowledge of Developmental Local Government	✓	5%		
Knowledge of Performance Management and Reporting	✓	10%		
Knowledge of Global and SA specific political, social and economic contexts	✓	2%		
Competence in Policy Conceptualisation, Analysis and Implementation				
Knowledge of more than one functional municipal field or discipline				
Mediation Skills				
Governance Skills				
Competence as required by other national line sector departments				
Exceptional and dynamic creativity to improve the functioning of the Municipality				
<b>TOTAL PERCENTAGE</b>		<b>100%</b>		



The assessment of the performance of the Manager will be based on the following levels for KPAs and CCRs:

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.					

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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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An indicative rating on the five-point scale should be provided for each KPA and CCR using the following as guidance:

1	Unacceptable
2	Not fully effective
3	Fully effective
4	Above expectations
5	Outstanding

Each KPA and CCR 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 to determine which rating on the five-point scale did the Manager achieved. The following criteria could assist:

Duration of task	<ul style="list-style-type: none"> <li>- Was the target achieved within the projected time frame?</li> </ul>
Level of complexity	<ul style="list-style-type: none"> <li>- Required problem solving</li> <li>- Reconciling different perceptions</li> <li>- Innovative alternatives used</li> </ul>
Cost	<ul style="list-style-type: none"> <li>- within budget</li> <li>- saving</li> <li>- overspending</li> </ul>
Constraints	<ul style="list-style-type: none"> <li>- Did envisaged constraints materialise?</li> <li>- If so, were steps taken to manage/reduce the effect of the constraint?</li> <li>- If not, did it beneficially affect the completion of the target?</li> <li>- Any innovative/pro-active steps to manage the constraint</li> </ul>

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An applicable assessment rating calculator must be used to add the KPA and CCR scores and calculate final KPA and CCR percentages.

## 7. PANEL AND SCHEDULE FOR PERFORMANCE ASSESSMENTS

An assessment panel consisting of the following persons must be established to evaluate the performance of the Managers directly accountable to Municipal Manager.

- Municipal Manager
- Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee
- A member of the Executive Committee and the relevant portfolio committee chairperson
- Municipal Manager of another municipality

In addition the following assessments may also form part of the performance evaluation at the end of the quarter if so agreed between the Parties:

- Manager (own assessment)
- Fellow section 57 managers
- Divisional Head reporting to the manager.

The performance of the Manager will be assessed in relation to his/her achievement of:

- the targets indicated for each KPA
- the CCRs as defined

on a date to be determined for each of the following quarterly periods:

1 <sup>st</sup> Quarter	-	July to September
2 <sup>nd</sup> Quarter	-	October to December
3 <sup>rd</sup> Quarter	-	January to March
4 <sup>th</sup> Quarter	-	April to June

The Municipality will keep a record of the mid-year and annual assessment meetings.

The Municipality may appoint an external facilitator to assist with the annual assessment.

The manager responsible for the corporate services of the Municipality must provide secretariat services to the evaluation panel for the annual performance assessment.



## **8. EVALUATING PERFORMANCE**

The Manager will submit quarterly performance reports and a comprehensive annual performance report prior to the performance assessment meetings to the Municipal Manager.

The Municipal Manager will give performance feedback to the Manager after each quarterly and the annual assessment meetings.

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

At the end of the 4<sup>th</sup> quarter, the Executive Authority will determine if the Manager is eligible for a performance bonus as envisaged in his/her contract of employment.

The results of the annual assessment and the scoring report of the Manager for the purposes of bonus allocation, if applicable, will be submitted to the Executive Authority for a recommendation to the full Council.

Personal growth and development needs identified during any performance assessment discussion, must be documented in the Manager's Personal Development Plan as well as the action steps and set time frames agreed to.

Despite the establishment of agreed intervals for assessment, the Municipal Manager may, in addition, review the Manager's performance at any stage while his/her contract of employment remains in force.

## **9. OBLIGATIONS OF THE MUNICIPALITY**

The Municipality will create an enabling environment to facilitate effective performance by the Manager.

The Manager will be provided with access to skills development and capacity building opportunities.

The Municipality will work collaboratively with the Manager to solve problems and generate solutions to common problems that may impact on the performance of the Manager.

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The Municipality will make available to the Manager such resources including employees as the Manager 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 Manager to ensure that he complies with those performance obligations and targets.

The Manager will, at his request, be delegated such powers by the Municipality as may in the discretion of the Municipality be reasonably required from time to time to enable him to meet the performance objectives and targets established in terms of this Agreement.

## **10. CONSULTATION**

10.1 The Executive Committee/Council and / or Municipal Manager agrees to consult the Manager within a reasonable time where the exercising of the Executive Authority's and / or Municipal Manager's powers will –

10.1.1 have a direct effect on the performance of any of the Manager's functions;

10.1.2 commit the Manager to implement or to give effect to a decision made by the Executive Committee/Council and/or Municipal Manager;

10.1.3 have a substantial financial effect on the Municipality.

10.2 The Municipal Manager agrees to inform the Manager 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 Manager to take any necessary action without delay.

## **11. CONSEQUENCE OF UNACCEPTABLE OR POOR PERFORMANCE**

11.1 Where the Municipal Manager is, at any time during the Manager's employment, not satisfied with the Manager's performance with respect to any matter dealt with in this Agreement, the Municipal Manager will give notice to the Manager to attend a meeting with the Municipal Manager.

11.2 The Manager will have the opportunity at the meeting to satisfy the Municipal Manager of the measures being taken to ensure that the Manager's performance becomes satisfactory in accordance with a documented programme, including any dates, for implementing these measures.

- 11.3 The Municipality will provide systematic remedial or developmental support to assist the Manager to improve his/her performance.
- 11.4 If, after appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Municipal Manager holds the view that the performance of the Manager is not satisfactory, the Municipal Council will, subject to compliance with applicable labour legislation, be entitled by notice in writing to the Manager, to terminate the Manager's employment in accordance with the notice period set out in the Manager's contract of employment.
- 11.5 Where there is a dispute or difference as to the performance of the Manager under this Agreement, the Parties will confer with a view to resolving the dispute or difference.
- 11.6 Nothing contained in this Agreement in any way limits the right of the Municipality to terminate the Manager's contract of employment with or without notice for any other breach by the Manager of his obligations to the Municipality or for any other valid reason in law.

## **12. DISPUTES**

- 12.1 In the event that the Manager is dissatisfied with any decision or action of the Executive Committee/Council and/or Municipal Manager in terms of this Agreement, or where a dispute or difference arises as to the extent to which the Manager has achieved the performance objectives and targets established in terms of this Agreement, the Manager may meet with the Municipal Manager with a view to resolving the issue. At the Manager's request the Municipal Manager will record the outcome of the meeting in writing.
- 12.2 If any dispute about the nature of the Manager's performance agreement whether it relates to key responsibilities, priorities, methods of assessment or any other matter provided for cannot be resolved through an internal mechanism as contemplated above, the dispute will be mediated by the Mayor within thirty (30) days of receipt of a formal dispute from the Manager whose decision shall be final and binding on both Parties.
- 12.3 If any dispute about the outcome of the Manager's performance evaluation cannot be resolved through an internal mechanism as contemplated above, the dispute will be mediated by a member of the Council, provided that such member was not part of the evaluation panel provided for in clause 7.1, within thirty (30) days of receipt of a formal dispute from the Manager whose decision shall be final and binding on both Parties.

12.4 In the event that the mediation process contemplated above fails, the relevant arbitration clause of the contract of employment will apply.

**13. GENERAL**

13.1 The contents of this 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 Municipality.

13.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Manager in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

Signed at Polokwane on this 4<sup>th</sup> day of January 2016.

**As Witnesses:**

1. ....
2. ....

[Signature]  
Executive Manager

Signed at Polokwane on this 4<sup>th</sup> day of January <sup>AM</sup> 2015 2016

**As Witnesses:**

1. ....
2. ....

[Signature]  
Municipal Manager