

PERFORMANCE AGREEMENT
AND PERFORMANCE PLAN
(FINANCE)

MADE AND ENTERED INTO BY AND BETWEEN

THABA CHWEU LOCAL MUNICIPALITY

AS REPRESENTED BY

THOKA MAKORWANE PATRICK KGOALE

AND

LESLEY MPHAKA MOKWENA

FOR THE

FINANCIAL YEAR 2017-18:

01 JULY 2017 – 30 JUNE 2018

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PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN

Thaba Chweu Local Municipality duly represented by Thoka Makorwane Patrick Kgoale in his capacity as Municipal Manager (hereinafter referred to as the **Employer** or **Supervisor**)

and

Lesley Mphaka Mokwena an employee of Thaba Chweu Local Municipality (hereinafter referred to as the **Employee**).

WHERE 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** 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.

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 employment contract entered into between the parties;
- 2.2 specify 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, Municipality's Budget and Service Delivery and Budget Implementation Plan (SDBIP);
- 2.3 specify accountabilities as set out in a performance plan and which is attached herein as Appendix (A) which forms part of this performance agreement;
- 2.4 monitor and measure performance against set targeted outputs;

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- 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
- 2.7 give effect to the employer's commitment to a performance-orientated relationship with its **Employee** in attaining equitable and improved service delivery.

3 COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on 01 JULY 2017 and will remain in force until 30 JUNE 2018, thereafter 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 or in terms of clause 11.3.2 of this agreement.
- 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 accordingly revised.

4 PERFORMANCE OBJECTIVES

- 4.1 The Performance Plan contained in this Appendix A sets out-
 - 4.1.1 the performance objectives and targets that shall be met by the **Employee**; and
 - 4.1.2 the time frames within which those performance objectives and targets shall be met.
- 4.2 The performance objectives and targets reflected in Appendix 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 weightings.

4.2.1. The key objectives describe the main tasks that shall be done.

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- 4.2.2 The key performance indicators provide the details of the evidence that shall be provided to show that a key objective has been achieved.
 - 4.2.3 The target dates describe the timeframe in which the work shall be achieved.
 - 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 The Employee's performance shall also 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.
- 5.4 The Employee undertakes to actively focus on the promotion and implementation of the KPAs (including special projects 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 Agreement.
 - 5.5.1. The Employee shall be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Competency Requirements (CCRs) respectively.
 - 5.5.2. Each area of assessment shall be weighted and should contribute a specific part to the total score.
 - 5.5.3. KPAs covering the main areas of work shall account for 80% and CCRs will account for 20% of the final assessment.
- 5.6 The Employee's assessment shall be based on his performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan, which are linked to the KPA's, and shall constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

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DIRECTOR: FINANCE KEY PERFORMANCE AREAS (KPA's)	Weighting
Basic Service Delivery & Infrastructure Development	0
Local Economic Development (LED)	0
Financial Viability and Management	66
Good Governance and Public Participation	14
Institutional Development and Transformation	0
Spatial Planning & Rationale	0
Total	80%

5.7 The CCRs shall make up the other 20% of the Employee's assessment score. CCRs that are deemed the 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 Municipal Managers, as indicated.):

CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES – 20%		
CORE MANAGERIAL COMPETENCIES (CMC)	✓	WEIGHT
Strategic Capability and Leadership		5
Programme and Project Management		5
Financial Management	compulsory	5
Change Management		5
Knowledge Management		5
Service Delivery Innovation		5
Problem Solving and Analysis		5
People Management and Empowerment	compulsory	5
Client Orientation and Customer Focus	compulsory	4
Communication		4
Honesty and Integrity		5
CORE OCCUPATIONAL COMPETENCIES (COC)		
Competence in Self Management		4
Interpretation of and implementation within the legislative and national policy frameworks		5
Knowledge of Performance Management and Reporting		5
Knowledge of global and South African specific political, social and economic contexts		5
Competence in policy conceptualisation, analysis and implementation		5
Knowledge of more than one functional municipal field / discipline		5
Skills in Mediation		4
Skills in Governance		5
Competence as required by other national line sector departments		5
Exceptional and dynamic creativity to improve the		4

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CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES – 20%		
CORE MANAGERIAL COMPETENCIES (CMC)	√	WEIGHT
functioning of the municipality		
Total percentage	-	100%

6. EVALUATING PERFORMANCE

- 6.1 The Performance Plan as stated in paragraph 4.1 above shall be the basis for evaluating performance.
- 6.2 The Employer may review the Employee's performance at any stage and at any frequency while the contract of employment remains in force.
- 6.3 Personal growth and development needs identified during any performance review shall be documented in the Employee's Personal Development Plan as well as the actions agreed to and implementation shall take place within set periods.
- 6.4 The Employee's performance shall be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.
- 6.5 The annual performance appraisal shall involve:

6.5.1 Assessment of the achievement of results as outlined in the performance plan:

- (a) Each KPA shall 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 is provided for each KPA.
- (c) The applicable assessment rating calculator (referred to in paragraph 6.5.3 below) shall be used to add the scores and calculate a final KPA score.

6.5.2 Assessment of the CCRs

- (a) Each CCR shall be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale is provided for each CCR.
- (c) This rating shall be multiplied by the weighting given to each CCR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (referred to in paragraph 6.5.1) shall be used to add the scores and calculate a final CCR score.

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6.5.3 Overall rating

An overall rating shall be 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 shall be based on the following rating scale for KPA's and CCRs:

Level	Class Interval	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.					
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.					

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Level	Class Interval	Description	Rating				
			1	2	3	4	5
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.					

6.7 For purposes of evaluating the annual performance of the Employee an evaluation panel shall be constituted of the following persons:

- 6.7.1 Municipal Manager;
- 6.7.2 Chairperson of the performance audit committee;
- 6.7.3 Member of the mayoral committee; who is relevant to the specific department; and
- 6.7.4 Municipal Manager from another municipality.

7. SCHEDULE FOR PERFORMANCE REVIEWS

7.1 The performance of the Employee in relation to this performance agreement shall further be reviewed at the end of each quarter for the following periods with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

- First quarter : July – September 2017
- Second quarter : October – December 2017
- Third quarter : January – March 2018
- Fourth quarter : April – June 2018

- 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 shall be entitled to review and make reasonable changes to the provisions of Appendix "A" from time to time for operational reasons. The Employee shall be fully consulted before any such change is made.
- 7.5 The Employer may amend the provisions of Appendix A whenever the performance management system is adopted, implemented and / or amended. The Employee shall be fully consulted before any such change is made.

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8. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing the Employee's developmental gaps has not been attached as gaps have not been identified yet.

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 reasonably 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 to meet the performance objectives 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 functions;
- 10.1.2 commit the Employee to implement or to give effect to a decision made 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 outcome of any decisions 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 shall form the basis for rewarding outstanding performance or correcting unacceptable performance.

11.2 A performance bonus of between 5% to 14% of the all-inclusive annual remuneration package may be paid as per the performance management

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framework policy to the Employee in recognition of outstanding performance to be constituted as follows:

- 11.2.1 a score of 130% to 149% shall be awarded a performance bonus ranging from 5% to 9%; and
- 11.2.2 a score of 150% and above shall be 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 developmental 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, the Employer may consider steps to terminate the contract of employment of the Employee on grounds of unfitness or incapacity to carry out his duties. Such steps will be as follows:

11.3.2.1 In the case of any serious underperformance at any given time, a final written warning will be issued to the relevant Employee;

11.3.2.2 If no immediate improvement in performance is shown within the quarter following the issuing of the notice, the Employee will be dismissed from the service of the Employer.

PERFORMANCE PLAN

1. PURPOSE

The Performance Plan defines the Council's expectations of the Performance Agreement of the Employee and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets shall be based on the Key Performance Areas and Indicators as set in the Thaba Chweu Local Municipality's Integrated Development Plan (IDP) and as reviewed annually.

2. KEY RESPONSIBILITIES

The following objectives of local government will inform the Employee's performance against set performance indicators

- a. Provide democratic and accountable government for local communities
- b. Ensure the provision of services to communities in a sustainable manner
- c. Promote social and economic development
- d. Promote a safe and healthy environment
- e. Encourage the involvement of communities and community-based organisations in matters of local government

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3. KEY PERFORMANCE AREAS

The following Key Performance Areas (KPAs) as outlined in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, inform the strategic objectives in the table below:

- Basic Service Delivery & Infrastructure Development
 - Municipal Institutional Development and Transformation
 - Local Economic Development
 - Financial Viability and Management
 - Good Governance and Public Participation
 - Spatial Planning & Rationale
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